

HOUSE BILL REPORT

HB 1339

As Amended by the Senate

Title: An act relating to unemployment compensation.

Brief Description: Revising provisions for unemployment compensation.

Sponsor(s): Representatives Heavey and O'Brien; by request of Employment Security Department.

Brief History:

Reported by House Committee on:
Commerce & Labor, February 15, 1991, DP;
Passed House, March 12, 1991, 98-0;
Amended by Senate.

**HOUSE COMMITTEE ON
COMMERCE & LABOR**

Majority Report: *Do pass.* Signed by 11 members:
Representatives Heavey, Chair; Cole, Vice Chair; Fuhrman,
Ranking Minority Member; Lisk, Assistant Ranking Minority
Member; Franklin; Jones; R. King; O'Brien; Prentice; Vance;
and Wilson.

Staff: Chris Cordes (786-7117).

Background: Under federal law, state unemployment insurance laws must require an unemployed worker to requalify if the worker applies more than once for benefits based on the same period of employment. To requalify in Washington, a claimant who files a subsequent application for unemployment benefits, using wage credits that were earned before the earlier claim was filed, must have earned at least six times the weekly benefit amount since the initial job separation in the prior benefit year.

If a claimant receives a back pay award, the back pay constitutes wages for the period for which the pay was awarded. The claimant is not liable for overpayment of any unemployment benefits paid for the same period if the back pay award was reduced by the amount of the benefits. Within 30 days of a back pay award, the employer must report to the Employment Security Department the amount by which the back pay award was reduced and must pay the department an amount equal to the reduction.

The unemployment insurance law does not specify the liability of a purchaser of a business if the prior owner has failed to pay unemployment insurance contributions.

Summary of Bill: If an employer quits business, any unpaid unemployment insurance contributions become immediately due and must be paid within 10 days. A person who purchases the business may be liable for unemployment contributions that the business owed to the Employment Security Department prior to the sale. However, the successor owner will not be liable for the back premiums if the successor owner notifies the department of the purchase of the business and the department does not issue a notice of assessment against the business within 180 days.

The procedures applying to a case involving a back pay award are amended. The back pay award constitutes wages for the period in which it was actually paid instead of for the period for which it was awarded. The employer is required to (1) reduce the amount of the award by an amount determined by the Employment Security Department (based on the amount of benefits received by the employee); (2) pay an amount equal to the reduction to the department; and (3) pay any taxes due for unemployment insurance on the back pay award. If the employer fails to reduce the back pay award, the department must issue an overpayment assessment against the employee. If the employer fails to pay the department an amount equal to the reduction of the award, the department must issue an assessment of liability against the employer.

The requirement is amended for establishing an unemployment insurance benefit year when the claimant's base year includes wages earned before the establishment of a prior benefit year. The period in which the claimant is required to have earnings of not less than six times the weekly benefit amount is changed from the period following the initial job separation in the prior benefit year to the period following the last separation from employment immediately before the application for an initial determination in the previous benefit year.

EFFECT OF SENATE AMENDMENT(S): The amendments (1) clarify the requirements for determining eligibility for unemployment compensation when wages from a prior benefit year are used; (2) amend the prohibition against receiving both unemployment benefits and industrial insurance benefits for the same period by clarifying that the prohibition applies when the worker has received or will receive both benefits; and (3) provides, for benefit purposes, that wages received as a back pay award are considered wages in the period for which the wages were awarded, but for tax

purposes the wages constitute wages in the period they were actually paid.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and sections 1 and 3 take effect July 1, 1991, and section 2 takes effect July 7, 1991, for new claims filed on or after July 7, 1991.

Testimony For: Several housekeeping changes are needed to clarify legislation from previous years. Some of the changes are intended to make compliance with unemployment insurance law easier for employers.

Testimony Against: Employers are unsure about the effects of this bill.

Witnesses: Graeme Sackrison, Employment Security Department (in favor); and Clif Finch, Association of Washington Business (opposed).

VOTE ON FINAL PASSAGE:

Yeas 98