

HOUSE BILL REPORT

HB 1599

*As Reported By House Committee on:
Commerce & Labor
Appropriations*

Title: An act relating to unemployment insurance.

Brief Description: Providing extended unemployment benefits for certain lumber and wood products workers.

Sponsor(s): Representatives Basich, Hargrove, Jones, Sheldon, Riley, P. Johnson, Bowman, Belcher, Cole, Brumsickle, Kremen, R. Johnson, Heavey, Morris, H. Myers, Peery, Rayburn, Jacobsen, R. King, Inslee, G. Fisher, Roland, Phillips, Orr, Cooper, Rasmussen and Spanel.

Brief History:

Reported by House Committee on:
Commerce & Labor, February 28, 1991, DPS;
Appropriations, March 10, 1991, DPS(CL)-A.

**HOUSE COMMITTEE ON
COMMERCE & LABOR**

Majority Report: *That Substitute House Bill No. 1599 be substituted therefor, and the substitute bill do pass.* Signed by 9 members: Representatives Heavey, Chair; Cole, Vice Chair; Lisk, Assistant Ranking Minority Member; Franklin; Jones; R. King; O'Brien; Prentice; and Vance.

Minority Report: *Do not pass.* Signed by 1 member: Representative Fuhrman, Ranking Minority Member.

Staff: Chris Cordes (786-7117).

Background: In Washington, unemployment benefits are available to claimants for a maximum of 30 weeks. Additional weeks of benefits, funded by a match of federal and state funds, are available only if the state economic condition reaches certain "triggers." The triggers depend on the economic status of the State as a whole. Economically distressed areas in the State cannot trigger in separately. There is currently no state-funded additional benefit program.

In some heavily timber-dependent areas of the State, the economic conditions within the county and the county

unemployment rate are significantly worse than the state average.

Summary of Substitute Bill: An unemployment insurance additional benefit program is established for employees in counties that meet two of three criteria: (1) higher than state average lumber and wood products employment in the county; (2) direct lumber and wood products job loss of 100 or more jobs; and (3) a county unemployment rate that is higher than the state average. The program may not accept new claims after July 3, 1993.

A qualifying claimant who exhausts his or her regular benefits, maximum of 30 weeks, may receive additional benefits for a total of 52 weeks of benefits. The additional benefits are not charged to the experience rating account of the individual employer.

To qualify for additional benefits, the claimant must reside in or have worked in an eligible county at the time of last separation from employment, or must have earned wages in at least 340 hours of lumber and wood products employment in an eligible county. In addition, the claimant must be unlikely to return to his or her previous employment because the work opportunities have been substantially reduced, and must enter and make satisfactory progress in a training program. The claimant must develop a training plan and submit the plan to the Employment Security Department for approval within 60 days of being notified of the additional benefits program and must begin the approved training within 90 days of termination from employment or within 90 days of the effective date of the act, whichever is later, unless training is not available, in which case the claimant must enter training as soon as it is available. Training must be in a public institution of higher education or at a vocational school authorized by law to provide skills training or education beyond secondary education. Training may not include on-the-job training under which the claimant is paid by the employer.

Substitute Bill Compared to Original Bill: The substitute bill adds provisions that authorize additional benefits only if the claimant enters and makes satisfactory progress in a training program. The claimant must develop a training plan and submit the plan to the Employment Security Department for approval within 60 days of being notified of the additional benefits program and must begin the approved training within 90 days of termination from employment or within 90 days of the effective date of the act, whichever is later, unless training is not available, in which case the claimant must enter training as soon as it is available. Training must be in a public institution of higher education

or with a vocational school authorized by law to provide skills training or education beyond secondary education. Training may not include on-the-job training under which the claimant is paid by the employer. The substitute bill also deletes a provision in the original bill that would have changed the qualifying requirements for establishing a second benefit year when using wages earned before the first benefit year.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect July 1, 1991.

Testimony For: The timber communities are in the worst economic depression that the State has seen for many years. The State must recognize the problem and address the human needs. This bill is a short-term solution that will help tide the families over until other long-term programs can be put into place. The unemployment trust fund is intended to be used for this situation.

Testimony Against: The trust fund is solvent because of restraint in using its resources. The triggers for extended benefits should not be changed. Alternative sources of funding should be explored instead of making this an obligation of the trust fund. The program may be too broad if too many counties are triggered in by the bill's criteria.

Witnesses: (in favor): Representative Bob Basich, prime sponsor; T.K. Bentler, Inland Boatmen's Union; Martha Lindley, Unemployment Law Project; and Jeff Johnson, Washington State Labor Council. (in favor, but agency tasks need funding): Graeme Sackrison, Employment Security Department. (opposed): Clif Finch and Norm Raffaell, Association of Washington Business.

**HOUSE COMMITTEE ON
APPROPRIATIONS**

Majority Report: *The substitute bill by Committee on Commerce & Labor be substituted therefor and the substitute bill as amended by Committee on Appropriations do pass.* Signed by 22 members: Representatives Locke, Chair; Inslee, Vice Chair; Spanel, Vice Chair; Appelwick; Belcher; Bowman; Braddock; Brekke; Dorn; Ebersole; Ferguson; Fuhrman; Hine; Lisk; Peery; Pruitt; Rust; H. Sommers; Sprengle; Valle; Wang; and Wineberry.

Minority Report: *Do not pass.* Signed by 4 members: Representatives Silver, Ranking Minority Member; Morton, Assistant Ranking Minority Member; McLean; and Nealey.

Staff: Susan Nakagawa (786-7145).

New Background Information: Under the criteria in the substitute bill, workers would have to reside in one of 22 counties in order to qualify for additional benefits. These counties are Clallam, Clark, Columbia, Cowlitz, Chelan, Ferry, Grays Harbor, Klickitat, Kittitas, Lewis, Mason, Okanogan, Pacific, Pend Oreille, Pierce, Skagit, Skamania, Snohomish, Stevens, Whatcom, Wahkiakum, and Yakima.

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Commerce & Labor: The criteria which identify workers eligible for additional unemployment benefits are changed. Workers are eligible if they reside in, or were employed in, a county that has an employment rate 20 percent or greater than the state average, and whose lumber and wood products employment is at least double the state average. Workers in any county are eligible for additional benefits if the worker has worked 680 hours of lumber and wood products employment in the year prior to application for benefits.

Counties that will "trigger in" for additional benefits under the new criteria include: Clallam, Cowlitz, Ferry, Grays Harbor, Klickitat, Lewis, Mason, Okanogan, Pacific, Pend Oreille, Skamania, Stevens, and Wahkiakum.

Fiscal Note: Available.

Effective Date of Substitute Bill as Amended: The bill contains an emergency clause and takes effect July 1, 1991.

Testimony For: Timber communities are in an economic recession and it is necessary for the state to provide assistance to meet these needs. The program should be reviewed as a possible means of assisting timber workers, but the eligibility criteria may need refining.

Testimony Against: None.

Witnesses: Representative Basich (prime sponsor); and Rich Nafziger, Governor's Timber Team (in support with concerns).