

HOUSE BILL REPORT

HB 2069

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

Title: An act relating to employer relief from unemployment insurance charges.

Brief Description: Revising provisions for employer relief from unemployment insurance charges.

Sponsor(s): Representatives Lisk, Heavey, Ballard, Grant, D. Sommers, Kremen, Fuhrman, Prince, Rayburn, Chandler, Winsley, Mitchell, Vance, Inslee and Silver.

Brief History:

Reported by House Committee on:
Commerce & Labor, March 1, 1991, DPS.

**HOUSE COMMITTEE ON
COMMERCE & LABOR**

Majority Report: *That Substitute House Bill No. 2069 be substituted therefor, and the substitute bill do pass.*
Signed by 9 members: Representatives Heavey, Chair; Cole, Vice Chair; Fuhrman, Ranking Minority Member; Lisk, Assistant Ranking Minority Member; Franklin; Jones; R. King; Prentice; and Vance.

Staff: Chris Cordes (786-7117).

Background: An employer's tax rate under the state's unemployment insurance system is determined, in part, by the amount of benefits paid to its employees. When a claimant receives benefits, the benefits are charged to the experience rating accounts of all the employers in that claimant's base year, in proportion to the amount of wages paid by the employer to the claimant. Some benefit payments are not charged to employers' accounts, such as payments made to individuals who are later determined to be ineligible, or payments for unemployment resulting from the closure of the workplace due to a natural disaster.

If a claimant works more than one job and is terminated from only one of the jobs, he or she may receive unemployment benefits. The claimant must be otherwise qualified for benefits - able and available for employment and actively seeking employment - and must report all earnings to the

Employment Security Department. The claimant's benefits are then reduced by 75 percent of the earnings over \$5. However, the experience rating account of the employer who employed the claimant on a part-time basis during the claimant's base year, and who continues to employ the claimant, will be charged part of the benefits paid to the employee.

Benefit charges are also made against the accounts of shared work employers. These employers operate under a shared work plan that permits the employer to reduce the hours that the employees work in lieu of layoffs. The employees are then eligible for partial unemployment benefits.

Summary of Substitute Bill: An employer's unemployment insurance experience rating account will not be charged for the benefits paid to its part-time employees who are receiving unemployment compensation. This exemption applies only during the period that the employer continues to employ the claimant. The employer must request relief from the charges by notifying the Employment Security Department in writing within 30 days of notice of the claimant's application for benefits.

These provisions do not apply to an employer operating under a shared work plan.

Substitute Bill Compared to Original Bill: The substitute bill clarifies that employers who are operating under a shared work plan, with benefits being paid to their part-time employees, will not be included in the relief of charges permitted by the bill.

Fiscal Note: Available.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: Fire districts frequently hire part-time employees who work full-time for other employers. If the employee is laid off from the full-time job and is receiving unemployment benefits while seeking another full-time job, then the fire district will be charged for some of the benefits paid to the employee even though the employee is still working for the fire district. If employers are allowed to request relief from these charges, it will save money for the taxpayers.

Testimony Against: None.

Witnesses: Ron Anderson, Fire Chief, Franklin County Fire District 3.