

SENATE BILL REPORT

SHB 2069

AS REPORTED BY COMMITTEE ON COMMERCE & LABOR, APRIL 1, 1991

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

SPONSORS: House Committee on Commerce & Labor (originally sponsored by Representatives Lisk, Heavey, Ballard, Grant, D. Sommers, Kremen, Fuhrman, Prince, Rayburn, Chandler, Winsley, Mitchell, Vance, Inslee and Silver).

HOUSE COMMITTEE ON COMMERCE & LABOR

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass.

Signed by Senators Matson, Chairman; Anderson, Vice Chairman; Bluechel, McDonald, McMullen, Moore, Murray, and Skratek.

Staff: Forrest Bathurst (786-7429)

Hearing Dates: March 28, 1991; April 1, 1991

BACKGROUND:

An employer's unemployment insurance premium is determined, in part, by the amount of benefits the state pays to the employer's former workers. Benefits paid to claimants are charged proportionally to the experience rating accounts of each employer identified in a claimant's base year. Some benefits are not charged to the employer's experience rating accounts, such as those made to individuals later determined to be ineligible or for those made as a result of a work place closure due to a natural disaster.

Claimants that work more than one job are eligible for benefits if any one of their employers undergo a layoff or if a claimant quits with good cause. The claimants' unemployment insurance benefits are reduced by 75 percent of their remaining part-time earnings over \$5. However, the experience rating accounts of all the claimant's employers, regardless of whether they still employ the claimant on a part-time basis, are charged for the benefits paid to a claimant.

Benefit charges are also made against the experience rating accounts of employers in a shared work situation. In these cases, employers operate under a shared work plan that permits reduced working hours in lieu of a layoff. Employees in shared work situations are eligible for partial unemployment benefits. Likewise, each employer's experience rating account is charged a proportion of the benefits paid to a claimant.

SUMMARY:

An employer's experience rating account will not be charged for benefits paid to its part-time employees who are receiving unemployment benefits. This applies only during the time an employer continues to employ the claimant. An employer must request relief from charges to their experience rating accounts by notifying the Employment Security Department in writing within 30 days of the notice of the claimant's application for benefits.

Employers operating under a shared work plan, where benefits are being paid to their part-time employees, are not included in the relief of charges permitted by the bill.

Appropriation: none

Revenue: none

Fiscal Note: requested March 25, 1991

TESTIMONY FOR:

This bill is needed to modify taxing practices that penalize employers that continue employing a UI claimant.

TESTIMONY AGAINST: None

TESTIFIED: Graeme Sackrison, Employment Security Department; Gary Smith, Independent Business Association