

# HOUSE BILL REPORT

## SSB 5534

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### As Passed House - Amended:

April 3, 2007

**Title:** An act relating to an exemption from unemployment compensation for certain small performing arts industries.

**Brief Description:** Creating an exemption from unemployment compensation for certain small performing arts industries.

**Sponsors:** By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Kohl-Welles, Clements and Keiser).

### Brief History:

#### Committee Activity:

Commerce & Labor: 3/23/07, 3/27/07 [DPA].

#### Floor Activity:

Passed House - Amended: 4/3/07, 95-1.

### Brief Summary of Substitute Bill (As Amended by House)

- Excludes services performed by certain persons participating in performances sponsored by certain theater companies and dinner theaters, dance companies, musical groups and artists, and museums from employment for purposes of unemployment benefits and taxes.

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## HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass as amended. Signed by 8 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Crouse, Green, Moeller and Williams.

**Staff:** Jill Reinmuth (786-7134).

### Background:

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Unemployment benefits are payable to unemployed workers who worked at least 680 hours in covered employment in their base years and meet other eligibility requirements.

Unemployment contributions (taxes) are paid on wages paid in covered employment.

Most employment is covered employment under the Employment Security Act. Employment excluded from coverage includes work performed by certain corporate officers, employees of churches and certain nonprofit organizations, and certain nonresident aliens who are temporarily in the United States to work.

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**Summary of Amended Bill:**

Covered employment does not include services performed by certain persons who are participating in performances sponsored by certain theater companies and dinner theaters, dance companies, musical groups and artists, and museums. The person must not receive remuneration other than a nominal stipend. The employer must not have more than three individuals in its employ during any portion of a day during the calendar year. The "stipend" is a fixed sum of money paid periodically to defray expenses.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:**

(In support) Mid-sized organizations are paying performers as employees. Very small organizations would like to pay performers something. This bill is not about how to pay the performers less. Instead, it is about paying them a little bit more. For example, everyone involved in a small community theater production might receive a \$100 stipend. Without this bill, small organizations will pay nothing or only pay for out-of-pocket expenses.

We first dealt with this issue when a performing arts organization was audited and the activities for which stipends were paid were not excluded from employment. It was clear that independent contractor status also did not work.

We have worked over the interim to narrow the triggers for this exclusion. One NAICS code for musicians was omitted. Please amend the bill to insert that NAICS code.

(Other) This bill raises no conformity problems.

(Opposed) None.

**Persons Testifying:** (In support) Jean Leonard and Gretchen Johnston, Washington State Arts Alliance.

(Other) Jill Will, Employment Security Department.

(Opposed) None.

**Persons Signed In To Testify But Not Testifying:** None.