

# SENATE BILL REPORT

## SHB 2613

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As of February 24, 2020

**Title:** An act relating to granting relief of unemployment benefit charges when discharge is required by law and removing outdated statutory language.

**Brief Description:** Granting relief of unemployment benefit charges when discharge is required by law and removing outdated statutory language.

**Sponsors:** House Committee on Labor & Workplace Standards (originally sponsored by Representatives Sells and Mosbrucker; by request of Employment Security Department).

**Brief History:** Passed House: 2/16/20, 96-0.

**Committee Activity:** Labor & Commerce: 2/24/20.

### Brief Summary of First Substitute Bill

- Allows for employer relief of unemployment insurance benefit charges for claimants unable to satisfy a job prerequisite.
- Requires annual reports from the Employment Security Department to its Advisory Council on noncharged benefits due to the new relief of charges option.
- Removes outdated statutory provisions.

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### SENATE COMMITTEE ON LABOR & COMMERCE

**Staff:** Susan Jones (786-7404)

**Background:** The unemployment compensation system provides partial wage replacement benefits for workers who are unemployed through no fault of their own. Eligible unemployed workers receive benefits based on their earnings in their base year. The Employment Security Department (ESD) administers this system.

Most covered employers pay contributions through payroll taxes to finance benefits. The tax rate for these employers is experience rated so that the rate is determined, in part, by the benefits paid to its employees. Benefits are charged to base year employers on a pro rata basis according to the amount of wages paid to the claimant by the employer in the claimant's

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base year compared to the wages paid by all employers. Some benefits, however, are "noncharged" and are pooled within the unemployment system or "socialized."

Noncharged benefits include, for example, benefits paid to an individual later found to be ineligible. Other benefits may be noncharged if the employer requests relief from charging, for example, benefits paid to an individual that left voluntarily or was discharged for misconduct.

The Employment Security Advisory Council (ESAC) is tasked with assisting the Commissioner of the Department in creating policies and discussing problems in the administration of unemployment insurance. The ESAC consists in equal parts of representatives of employers, employees, and the general public.

**Summary of Bill:** An additional basis allowing an employer to request relief from benefit charges is established. An employer is eligible for relief from charges attributable to a claimant who was discharged because they were unable to satisfy a job prerequisite required by law or rule.

The Commissioner of ESD must annually report to the ESAC, beginning in 2021 and ending in 2030, the amount of noncharged benefits due to the new basis for relief from charges.

Outdated statutory provisions are removed, and conforming changes are made.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony:** PRO: This is a great bill. It is a tax issue. This will particularly help small businesses.

**Persons Testifying:** PRO: Nick Streuli, Legislative Director, Employment Security Department.

**Persons Signed In To Testify But Not Testifying:** No one.