

# HOUSE BILL REPORT

## HB 1684

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### As Passed Legislature

**Title:** An act relating to clarifying procedures for federally recognized tribes to report standard occupational classifications or job titles of workers under the employment security act.

**Brief Description:** Clarifying procedures for federally recognized tribes to report standard occupational classifications or job titles of workers under the employment security act.

**Sponsors:** Representatives Slatter and Lekanoff.

### Brief History:

#### Committee Activity:

Labor & Workplace Standards: 2/7/23, 2/14/23 [DP].

#### Floor Activity:

Passed House: 3/7/23, 69-26.

Passed Senate: 4/12/23, 45-4.

Passed Legislature.

### Brief Summary of Bill

- Allows federally recognized tribes to opt in to—or opt out of—the requirement to report the Standard Occupational Classifications or job titles of their workers to the Employment Security Department.

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## HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

**Majority Report:** Do pass. Signed by 6 members: Representatives Berry, Chair; Fosse, Vice Chair; Bronoske, Doglio, Ormsby and Ortiz-Self.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Robertson, Ranking Minority Member; Schmidt, Assistant Ranking Minority Member; Connors.

**Staff:** Kelly Leonard (786-7147).

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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 part of the legislation nor does it constitute a statement of legislative intent.*

**Background:**Quarterly Reports to the Employment Security Department.

The Employment Security Department (Department) administers the state unemployment insurance system. Employers must file quarterly tax reports with the Department. The reports must contain the names of all workers covered by unemployment insurance, along with their social security numbers, their wages, and the number of hours worked in the quarter. In addition, beginning October 1, 2022, those quarterly reports must also include the Standard Occupational Classification (SOC) or job title of each worker. Any employer knowingly failing to report SOCs or job titles must pay an incomplete report penalty. The Department, in coordination with the Workforce Training and Education Coordinating Board, must report to the Legislature and the Governor by November 1, 2026, on how the collection of occupational data was used to evaluate educational investments, add or modify existing training programs, or improve job placement.

Participation of Indian Tribes in Unemployment Insurance System.

Indian tribes are considered to be employers under the Federal Unemployment Tax Act, but are exempt from federal unemployment taxes if in compliance with certain state requirements. Indian tribes may contribute to the State Unemployment Compensation Fund or make payments in lieu of contributions for benefits claimed by the tribe's unemployed workers. Indian tribes are generally required to comply with the same requirements applicable to other employers in the state unemployment insurance system.

**Summary of Bill:**

A federally recognized tribe may elect to report the SOCs or job titles of its workers in its quarterly reports to the Department. If a federally recognized tribe elects to report SOCs or job titles, it retains the option to opt out of reporting at any time for any reason it deems necessary. The Department must adopt rules to implement the bill.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) In 2019 the state passed Substitute House Bill (SHB) 2308, requiring employers to include occupational data of their employees in their quarterly tax reports to the Department. The benefits of collecting this data are significant for career planning and workforce development as well as research and public policy. There was a long phase-in for implementation. The reporting requirement went into effect in late 2022. However, it is

not clear how SHB 2308 affects tribes. This bill addresses this ambiguity. The language is mutually agreed-to by the Department and tribes.

(Opposed) None.

(Other) Small businesses were opposed to SHB 2308 in 2019. These quarterly reporting requirements are burdensome and costly. Small businesses would like to opt out of these requirements too. There is no reason tribes should be allowed to opt in or opt out while not affording other businesses the same option. When tribes choose to participate in the unemployment insurance system, they must follow the same rules as other employers. It is unfair to change the rules just for tribes. In addition, allowing tribes to opt out of the reporting requirement will affect the quality of the data collected by the state, especially if tribes can opt in or opt out at any time for any reason. Since tribes are major employers, this change could alter data and related analysis in significant ways. The stated purpose of SHB 2308 was to collect quality data, and this bill jeopardizes the entire effort.

**Persons Testifying:** (In support) Representative Vandana Slatter, prime sponsor; and Caitlyn Jekel, Washington State Employment Security Department.

(Other) Patrick Connor, National Federation of Independent Business; and James King, Independent Business Association.

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