

SENATE BILL REPORT

HB 1338

As of March 13, 2009

Title: An act relating to expanding industries that qualify for good cause for late filing of reports, contributions, penalties, or interest.

Brief Description: Qualifying for good cause for late filing of reports, contributions, penalties, or interest.

Sponsors: Representatives Conway, Condotta, Wood, Armstrong, Hunt, Green, Williams, Crouse, Moeller, Chandler, Chase, Simpson and Kelley; by request of Employment Security Department.

Brief History: Passed House: 2/23/09, 96-1.

Committee Activity: Labor, Commerce & Consumer Protection: 3/16/09.

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Staff: Mac Nicholson (786-7445)

Background: An employer's unemployment insurance (UI) tax is determined by the combined rate assigned to the employer based on layoff experience, social costs, and a solvency surcharge, if any. UI statutes make a distinction between qualified employers and nonqualified employers. Qualified employers are those that have submitted all reports, contributions, interest, and penalties required under the UI system by the appropriate cut-off date. Employers who do not meet the definition of "qualified employer" are assigned a delinquent tax rate, which is two-tenths higher than the top tax rate for qualified employers.

The Employment Security Department (ESD) may waive the delinquent tax rate if unpaid contributions, interest, and penalties are less than \$100 or less than one-half of 1 percent of the employer's total taxes reported for the year. ESD may also disregard delinquent reports, contributions, penalties, and interest from certain domestic service employment if the employer acted in good faith and forfeiture of status as a "qualified employer" would be inequitable.

Summary of Bill: ESD must waive the delinquent tax rate when unpaid contributions, interest, and penalties are less than \$100 or less than one-half of 1 percent of the employer's total taxes reported for the year. ESD is granted the discretion to disregard delinquent

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reports, contributions, penalties, or interest from all employers if the employer acted in good faith and forfeiture of status as a "qualified employer" would be inequitable.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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