

# HOUSE BILL REPORT

## HB 1338

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*As Passed House  
March 20, 1991*

**Title:** An act relating to unemployment compensation deductions for social security pensions.

**Brief Description:** Revising provisions for unemployment compensation deductions for pensions.

**Sponsor(s):** Representatives Heavey, McLean and O'Brien; by request of Employment Security Department.

**Brief History:**

Reported by House Committee on:  
Commerce & Labor, February 15, 1991, DP;  
Passed House, March 20, 1991, 96-0.

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**HOUSE COMMITTEE ON  
COMMERCE & LABOR**

**Majority Report:** *Do pass.* Signed by 11 members: Representatives Heavey, Chair; Cole, Vice Chair; Fuhrman, Ranking Minority Member; Lisk, Assistant Ranking Minority Member; Franklin; Jones; R. King; O'Brien; Prentice; Vance; and Wilson.

**Staff:** Chris Cordes (786-7117).

**Background:** In Washington, unemployment compensation benefits are reduced by 50 percent of the amount of the federal social security retirement pension that a claimant receives. Although federal law requires that most pensions based on prior employment be deducted from unemployment benefits, it no longer requires any deduction for social security pensions.

**Summary of Bill:** The deduction from unemployment compensation benefits made because of a claimant's pension does not apply to the claimant's federal social security pension.

**Fiscal Note:** Requested January 14, 1991.

**Effective Date:** The bill contains an emergency clause and takes effect July 7, 1991, for weeks of unemployment beginning on or after July 7, 1991.

**Testimony For:** Many pensioners remain in the workforce to supplement their retirement pay. The deduction against their unemployment compensation can operate as a real hardship. These pensioners qualify for benefits just like other workers. Because of the requirements of federal social security law, a change in the state's policy will not create any new disincentives to avoid working.

**Testimony Against:** The fiscal impact on the unemployment trust fund is significant. Employers are already paying a very high rate in comparison with other states. The concern about the welfare of low income pensioners should be addressed in another way.

**Witnesses:** (in favor) Graeme Sackrison, Employment Security Department; Bob Dilger, Washington Building and Construction Trades Council; Cindy Zehnder, Teamsters; and Jeff Johnson, Washington State Labor Council. (opposed) Clif Finch, Association of Washington Business.