

SENATE BILL REPORT

HB 1339

AS REPORTED BY COMMITTEE ON COMMERCE & LABOR, APRIL 3, 1991

Brief Description: Revising provisions for unemployment compensation.

SPONSORS: Representatives Heavey and O'Brien; by request of Employment Security Department.

HOUSE COMMITTEE ON COMMERCE & LABOR

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended.

Signed by Senators Matson, Chairman; Anderson, Vice Chairman; Bluechel, McCaslin, McMullen, and Murray.

Staff: Forrest Bathurst (786-7429)

Hearing Dates: March 28, 1991; April 3, 1991

BACKGROUND:

Federal law requires that a claimant must requalify if he or she applies more than once for benefits based on the same period of employment. A claimant must have earned at least six times the weekly benefit amount since the initial job separation in the prior benefit year.

If a claimant receives a back pay award, the back pay constitutes wages for the period for which the pay was awarded. The claimant is not liable for overpayment of any unemployment award if the back pay award is reduced by the amount of his or her benefits. Employers must report to the Employment Security Department within 30 days the amount a back pay award was reduced. The employer must also pay to the department the same amount that the back pay award was reduced.

Current law does not specify the liability of a purchaser of a business if the prior owner has failed to pay unemployment insurance contributions that are owed.

SUMMARY:

If a claimant's base year includes wages used for the establishment of a prior benefit year, the claimant must have earnings of not less than six times the weekly benefit amount to requalify for additional unemployment benefits. The claimant has the period following the last separation from employment immediately before the application for an initial determination in the previous benefit year to requalify.

Employers making back pay awards to former employees shall report to the Employment Security Department within 30 days the amount of the back pay award, the name and Social Security number of the claimant, and the period for which it was rewarded. The back pay award or settlement constitutes wages paid in the period in which it was actually paid.

The employer shall reduce the back pay award or settlement by the amount of unemployment benefits paid to the claimant. The employer shall pay the reduced amount, and any taxes owed on this amount, to the Employment Security Department.

If an employer does not reduce the back pay award or settlement and pay it to the department as required, the department shall assess the claimant an amount equal to that which the award or settlement should have been reduced.

If an employer reduces a back pay award but fails to pay the department an amount equal to the reduction as required, the department shall assess the employer an amount equal to that which the back pay award or settlement was reduced.

All unpaid unemployment insurance contributions become due and must be paid to the department within ten days of selling a business or discontinuing operations. The person or persons purchasing a business shall be liable for the unpaid contributions if they do not first obtain a certificate from the Employment Security Department proving no contributions are due. If a certificate is not obtained, the purchaser shall withhold from the purchase price of the business an amount equal to that owed by the seller for unemployment insurance contributions. The amount withheld shall then be paid to the department. No successor will be liable for unpaid contributions if written notice of the purchase is provided to the department and no assessment is made against the former owner within 180 days.

Appropriation: none

Revenue: none

Fiscal Note: none requested

SUMMARY OF PROPOSED SENATE AMENDMENTS:

If a person is employed when filing an initial determination application, his or her benefit year will not begin until the actual separation from employment.

Claimants are not eligible for both unemployment compensation and industrial insurance payments simultaneously in past, present, or future time periods.

Employers will not be required to adjust past accounting entries and tax records for paying back pay awards or settlements to former employees that are receiving unemployment benefits.

TESTIMONY FOR:

The bill and amendments are necessary to make Employment Security Department's requirements and authority consistent with the Departments of Revenue and Labor and Industries.

TESTIMONY AGAINST: None

TESTIFIED: Graeme Sackrison, Employment Security Department (pro)