

HOUSE BILL REPORT

SSB 6073

As Reported By House Committee On:
Commerce & Labor

Title: An act relating to unemployment compensation.

Brief Description: Correcting unemployment compensation statutes for base year compensation and defining employment.

Sponsors: Senate Committee on Labor & Commerce (originally sponsored by Senators Prentice, Newhouse and Vognild; by request of Employment Security Department).

Brief History:

Reported by House Committee on:
Commerce & Labor, February 23, 1994, DPA.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended. Signed by 9 members: Representatives Heavey, Chair; G. Cole, Vice Chair; Lisk, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Conway; Horn; King; Springer and Veloria.

Staff: Chris Cordes (786-7117).

Background:

Federal-state extended benefits program

The federal-state extended benefits program permits states to pay benefits for up to 13 additional weeks of unemployment during high unemployment periods. The state unemployment rate that is used to determine whether these benefits are payable is established in federal law. To qualify for these benefits, a claimant must have exhausted regular benefits and have base year wages of at least 40 times his or her weekly benefit amount or base year wages that are 1.5 times the wages in the base year quarter with the highest wages.

In 1993, the Legislature adopted an optional trigger for the extended benefit program that is permitted by federal law. The state has had extended benefits available since October 1993.

Alternate base year requirements

Under Washington law, a claimant must have 680 hours of work in his or her base year to be eligible for benefits. A base year may be established using the first four of the last five completed calendar quarters or, if eligibility is not established in those quarters, using the last four completed calendar quarters. However, the statute does not require the Employment Security Department to contact employers for wage information relating to the last completed calendar quarter if that information has not yet been reported in the employer's quarterly tax report. Therefore, a claimant may not be eligible under the alternate base year until after wages are reported in the next reporting period. Federal unemployment insurance law requires timely establishment of unemployment insurance claims.

Massage practitioner exemption

Licensed massage practitioners are exempt from unemployment insurance coverage if the practitioner's use of the business facility is contingent on compensation to the owner of the facility and the practitioner receives no compensation from the owner for the services. However, federal law does not permit an exemption for any employees of public and nonprofit entities who do not pay the federal unemployment tax.

Summary of Amended Bill:

Federal-state extended benefits program

A supplemental additional benefits program is established for unemployment insurance claimants who had a balance of federal-state extended benefits available after February 26, 1994. The supplemental additional benefits will be available beginning with the week ending March 5, 1994, and will be paid under the same terms as extended benefits. The benefits may not be paid (1) for weeks that are more than one year beyond the end of the claimant's benefit year for his or her regular unemployment insurance claim; (2) for weeks that begin after the start of a new extended benefit period or any totally federally funded benefit program that has eligibility criteria and benefits comparable to additional benefits; or (3) for weeks of unemployment beginning after December 31, 1995.

Alternate base year requirements

The provision stating that the Employment Security Department is not required to contact employers for information regarding alternate base year claims is deleted. Instead, the department must promptly contact employers to request assistance in obtaining wage information needed for

evaluating an alternative base year claim if the wage information has not been reported at the time of the claimant's initial application.

Massage practitioner exemption

The exclusion from unemployment insurance for services performed by licensed massage practitioners does not apply if the services are performed for an employer who is a nonprofit or governmental employer exempt from the federal unemployment tax.

Amended Bill Compared to Substitute Bill: The amendment provides for supplemental additional benefits to be paid to unemployment insurance claimants who had a balance of federal-state extended benefits available after February 26, 1994.

Fiscal Note: Requested February 24, 1994, on amended bill.

Effective Date of Amended Bill: The bill contains an emergency clause, with section 1 (alternative base year provisions) taking effect on April 3, 1994, section 2 (exemption for licensed massage practitioners) taking effect on April 1, 1994, and section 3 (supplemental additional benefits) taking effect immediately.

Testimony For: The state has received notice that the federal-state extended benefits program will terminate on February 26, 1994. Many thousands of workers will have no more than one week's notice that their benefits are ending even though they may have had several weeks left in their eligibility period. A supplemental benefits program would phase out the extended benefits program, so that those claimants who were expecting several more weeks of eligibility for benefits will not be unfairly surprised. It is necessary to act quickly because claimants will stop filing the claim forms if they believe that the program has ended. The bill also will shorten or eliminate the delay for claimants who are filing their claim under an alternate base year. This could reduce the delays by several weeks.

Testimony Against: None.

Witnesses: Governor Mike Lowry; Vernon Stoner and Graeme Sackrison, Employment Security Department; and Martha Lindley, Unemployment Law Project.