

SENATE BILL REPORT

SB 6073

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, FEBRUARY 3, 1994

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

**SPONSORS:** Senators Prentice, Newhouse and Vognild; by request of Employment Security Department

**SENATE COMMITTEE ON LABOR & COMMERCE**

**Majority Report:** That Substitute Senate Bill No. 6073 be substituted therefor, and the substitute bill do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Amondson, Deccio, Fraser, McAuliffe, Newhouse, Pelz, Prince, Sellar, Sutherland, Vognild and Wojahn.

**Staff:** Patrick Woods (786-7430)

**Hearing Dates:** January 18, 1994; February 3, 1994

**BACKGROUND:**

Unemployment Insurance Claimant Base Year: Unemployment insurance programs in all states determine claimant eligibility through the use of a "base year." In Washington, "conventional base year" is the first four of the last five completed calendar quarters. A claimant must have worked 680 hours in his or her base year in order to qualify for benefits.

In 1987 the Legislature authorized an "alternate base year." This process allows claimants that do not have the necessary 680 hours of employment in the conventional base year to move their base year forward to the most recent four completed quarters. Under the alternate base year process, the Employment Security Department was provided administrative relief by not requiring that it contact employers or take other special administrative action to speed the data collection process. However, since employers may not have reported more recent work to the department in the last quarter, there was often a delay in establishing a claimant's alternate base year claims.

The U.S. Department of Labor contends that this provision granting administrative relief to the department violates the federally mandated payment when due requirements and raises a conformity issue. The states are required to be in conformity with the federal standards in order to receive administrative funding and maintain valuable employer tax credits.

Massage Therapists/Public and Private Nonprofit Institutions: The fact that a unemployment insurance (UI) claimant was

employed by a "covered employer" is a basic test for determining UI eligibility. Like other forms of insurance, benefits are available only for individuals covered by the policy and although states have some discretion about who is covered, the minimum standards are stipulated in federal law.

In 1993 the Legislature under HB 1292 provided a limited exemption from coverage for licensed massage practitioners who merely rented office space and are not considered employees. In reviewing this provision, the U.S. Department of Labor informed the state Employment Security Department that under federal law, licensed massage practitioners who provided services for a public or private nonprofit institution must be covered under the unemployment insurance program.

**SUMMARY:**

The existing statutory provisions allowing the Employment Security Department to refrain from making employer contacts to collect wage data in an unemployment insurance (UI) claimant's alternate base year are deleted.

The existing statutory exemption from UI coverage for licensed massage practitioners is modified. Licensed massage practitioners who provide services for public and private nonprofit employers are required to be covered under the state's unemployment insurance program.

The conformity issue raised by the U.S. Department of Labor is addressed.

**EFFECT OF PROPOSED SUBSTITUTE:**

Language is inserted directing the department to promptly contact employers requesting wage information on the claimant's last completed calendar quarter.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

**TESTIMONY FOR:**

The bill is needed to address the federal conformity issues raised by the U.S. Department of Labor.

**TESTIMONY AGAINST (original bill):**

The bill will adversely impact businesses if they have to respond to additional demands for wage information from the Department of Employment Security.

**TESTIFIED:** Vernon Stoner, ESD (pro); Karma Reavis, Bellingham Frozen Foods; Sheryl Hershey, Bellingham Cold Storage