

HOUSE BILL REPORT

HB 1351

As Passed House:

March 8, 1995

Title: An act relating to unemployment insurance contribution rates for successor employers.

Brief Description: Determining unemployment insurance contribution rates for successor employers.

Sponsors: Representatives Lisk, Chandler and Veloria; by request of Joint Task Force on Unemployment Insurance.

Brief History:

Committee Activity:

Commerce & Labor: 2/1/95, 2/8/95 [DP].

Floor Activity:

Passed House: 3/8/95, 98-0.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 11 members: Representatives Lisk, Chairman; Hargrove, Vice Chairman; Thompson, Vice Chairman; Romero, Ranking Minority Member; Conway, Assistant Ranking Minority Member; Cairnes; Cody; Cole; Fuhrman; Goldsmith and Horn.

Staff: Chris Cordes (786-7117).

Background: If a business is acquired by a successor who is not an employer at the time of the transfer of the business, the successor's unemployment insurance contribution rate is determined by the rate class assigned to the predecessor employer. This contribution rate continues until the successor employer qualifies for a different rate in his or her own right.

The draft report of the Joint Task Force on Unemployment Insurance recommended a change in the calculation of contribution rates for successor employers to permit these employers to choose the average industry rate.

Summary of Bill: If a business is acquired by a successor who is not an employer at the time of the transfer of the business, the successor's unemployment insurance contribution rate will be the lower of (1) the rate at the tax rate class of the

predecessor employer for the remainder of that rate year; or (2) the contribution rate equal to the average industry rate, but not less than 1 percent. The successor employer rate determined under this provision will continue until the successor establishes a new contribution rate under his or her own experience.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill eliminates an unintended penalty for successor employers who are newly formed legal entities at the time of becoming a new employer.

Testimony Against: None.

Testified: Clif Finch, Association of Washington Business.