

HOUSE BILL REPORT

SB 5571

As Reported By House Committee On:

Commerce & Labor

Title: An act relating to reporting payments under unemployment insurance and industrial insurance.

Brief Description: Providing for a single form for employers to report unemployment insurance contributions and industrial insurance premiums and assessments.

Sponsors: Senators Newhouse, Schow, Anderson, Horn, Heavey, Franklin, Fraser, Long and Oke; by request of Joint Task Force on Nonpayment of Employer Obligations.

Brief History:

Committee Activity:

Commerce & Labor: 3/24/97, 4/3/97 [DPA].

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended. Signed by 9 members: Representatives McMorris, Chairman; Honeyford, Vice Chairman; Conway, Ranking Minority Member; Wood, Assistant Ranking Minority Member; Boldt; Clements; Cole; Hatfield and Lisk.

Staff: Chris Cordes (786-7103).

Background:

EMPLOYER TAX REPORTS

Employers covered by the industrial insurance law who are not self-insured make quarterly reports to pay industrial insurance premiums. Contribution-paying employers under the unemployment insurance system also report and pay quarterly.

In 1996, Substitute House Bill 2513 created the Task Force on Nonpayment of Employer Obligations. The task force was directed to make recommendations on, among other issues, methods of improving compliance with employer responsibilities for covering workers under state industrial insurance law and other laws.

The task force report in December 1996, included a recommendation that employers should be required to report industrial insurance premiums and unemployment insurance contributions on a unified report form beginning in 1998. The recommendation included requiring the report to be a multiple part form mailed to a central location with separate pages being forwarded to the respective agency.

INDUSTRIAL INSURANCE BENEFITS

Upon an injured worker's death, certain industrial insurance benefits may be paid to the worker's beneficiaries.

A beneficiary is the worker's spouse or child or, if no spouse or child survives the worker, a dependent of the worker. Dependents include specified relatives of the worker who depended on the worker for their support. However, alien relatives of the worker, other than a father or mother, who do not reside in the United States at the time of the accident are not considered dependents, unless a treaty provides otherwise.

When a nonresident alien beneficiary is entitled to benefits, the benefits paid to that beneficiary are 50 percent of the benefits paid to a resident beneficiary, unless a treaty requires differently.

Summary of Amended Bill:

EMPLOYER TAX REPORTS

The Legislature finds that: (1) failure to report and underreporting of industrial insurance premiums and unemployment insurance contributions creates serious economic disadvantages for employers who comply; and (2) employers may be more likely to file both reports if the report is on a unified form.

The Department of Labor and Industries and the Employment Security Department must jointly develop a plan to implement a unified report form. The plan must be reported to the appropriate committees of the Legislature by January 1, 1998. In addition, the agencies must report the results of a study that cross-matches the names and/or unified business identifier numbers of employers who file reports with the agencies.

INDUSTRIAL INSURANCE BENEFITS

The restriction is deleted that reduces by 50 percent the industrial insurance benefits paid to nonresident alien beneficiaries. These beneficiaries will receive the same benefits as resident beneficiaries, unless a treaty provides otherwise.

The provision is deleted that excludes certain nonresident alien relatives, other than mothers and fathers, from the definition of "dependent" for determining which persons are an injured worker's beneficiaries.

Amended Bill Compared to Original Bill: The amendment (1) deletes the requirement for employers to begin reporting industrial insurance premiums and unemployment insurance contributions on a unified form beginning January 1998, and requires the Department of Labor and Industries and the Employment Security Department to develop, and report to the Legislature by January 1, 1998, a plan for reporting on a unified form. The agencies must also report the results of a cross-match study; and (2) adds that, under the industrial insurance law, an alien beneficiary will receive the same benefits whether or not the beneficiary is residing in the U.S. and changes the definition of "dependent" to include, in addition to mother and father, alien dependents who are not residing in the U.S.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Although this proposal could simplify reporting for employers, there are some concerns that should be addressed before mandating the form. It is suggested that the agencies be directed to come back to the Legislature before next session with a proposal to implement the unified report.

Testimony Against: None.

Testified: (With concerns) Clif Finch, Association of Washington Business; and Graeme Sackrison, Employment Security Department.