

HOUSE BILL REPORT

SB 6237

As Reported By House Committee On:

Commerce & Labor

Title: An act relating to processing fees deducted from earnings withheld due to child support.

Brief Description: Modifying who may deduct processing fees for certain payroll deductions.

Sponsors: Senator Fairley; by request of Employment Security Department.

Brief History:

Committee Activity:

Commerce & Labor: 2/21/00, 2/23/00 [DP].

Brief Summary of Bill

- Repeals the Employment Security Department's authority to deduct processing fees from unemployment benefits withheld for child support payments.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 7 members: Representatives Clements, Republican Co-Chair; Conway, Democratic Co-Chair; B. Chandler, Republican Vice Chair; Wood, Democratic Vice Chair; Hurst; McIntire and McMorris.

Staff: Chris Cordes (786-7103).

Background:

In certain circumstances, the Department of Social and Health Services (DSHS) may garnish wages or unemployment benefits to collect child support from parents responsible for child support. On receiving the notice, the employer or the Employment Security Department (ESD) must withhold the amount from earnings or from unemployment benefits, respectively, and remit the amount to the DSHS. The statute permits the employer or the ESD to deduct a processing fee from the amount withheld.

Federal unemployment insurance law allows the states to make deductions from unemployment benefits only in limited circumstances, including deductions for child support payments. The amount deducted from benefits, however, may not exceed the child support payment and administration costs may not be paid from benefits. Under the Federal Unemployment Tax Act (FUTA), the state's employers receive a tax credit against their federal unemployment tax, and the state receives a share of the federal FUTA revenues for administration of its unemployment insurance system, only if the state maintains an unemployment insurance system in conformity with federal law.

Summary of Bill:

The Employment Security Department's authority to deduct a processing fee from unemployment benefits withheld for child support payments is repealed.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The law is clear that funds held in trust for unemployment benefits cannot be used for administration purposes. This bill clears up any question that might be raised about a possible federal conformity issue.

Testimony Against: None.

Testified: Tammy Fellin, Employment Security Department.