

FINAL BILL REPORT

SHB 1289

C 36 L 99

Synopsis as Enacted

Brief Description: Conforming unemployment compensation statutes with federal law.

Sponsors: By House Committee on Commerce & Labor (Originally sponsored by Representatives Conway, Clements, McIntire and Wood; by request of Employment Security Department).

House Committee on Commerce & Labor
Senate Committee on Labor & Workforce Development

Background:

Under the Federal Unemployment Tax Act (FUTA), if a state maintains an unemployment insurance system in conformity with federal law, that state's employers receive a tax credit against their federal unemployment tax of 90 percent of the federal tax. In addition, the conforming state receives a share of the FUTA revenues for administration of its unemployment insurance system.

The FUTA taxes that employers pay to the federal government for unemployment insurance purposes are maintained in federal reserve accounts for administration of unemployment programs, extended benefits, and loans to states that exhaust their benefit trust funds. Excess funds in these federal accounts may be distributed under the federal Reed Act to the states' unemployment insurance programs. To distribute Reed Act funds to a state during 1999 to 2001, the Secretary of Labor must find that the state will use the funds only for administration of the unemployment insurance program.

Washington's unemployment compensation law requires certain federal funds to be used for unemployment compensation purposes, but does not specifically address the use of funds distributed during 1999 to 2001.

Summary:

Funds received under the federal Reed Act during fiscal years 1999 through 2001 may not be used for any purpose except administration of the unemployment compensation program.

Votes on Final Passage:

House 96 0
Senate 41 0

Effective: July 25, 1999