

SENATE BILL REPORT

SHB 1289

As Reported By Senate Committee On:
Labor & Workforce Development, March 30, 1999

Title: An act relating to conforming unemployment compensation statutes with federal law.

Brief Description: Limiting the use of moneys credited to the state's account in the unemployment trust fund.

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

Brief History:

Committee Activity: Labor & Workforce Development: 3/23/99, 3/30/99 [DP].

SENATE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

Majority Report: Do pass.

Signed by Senators Fairley, Chair; Franklin, Vice Chair; Hochstatter, Kline, Oke and Wojahn.

Staff: David Pringle (786-7448)

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.

Excess funds in federal unemployment insurance reserve accounts may be distributed to states' unemployment insurance programs. These Reed Act funds may be distributed during 1999 to 2001 if the Secretary of Labor finds that the state will use the funds only for administration of the unemployment insurance program.

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

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Congress decided to return excess FUTA taxes to the states. Some modification to Washington's law is needed to ensure that we get our share of the excess distribution.

Testimony Against: None.

Testified: Graeme Sackrison, Employment Security Department.