

HOUSE BILL REPORT

HB 2303

As Reported by House Committee On:
Commerce & Labor

Title: An act relating to correcting rate class 16 in schedule B by amending RCW 50.29.025 and making no other changes.

Brief Description: Correcting rate class 16 in schedule B.

Sponsors: Representatives Conway, Wood and Kenney; by request of Employment Security Department.

Brief History:

Committee Activity:

Commerce & Labor: 1/17/02, 1/21/02 [DP].

Brief Summary of Bill

- Corrects the unemployment insurance contribution rate for Rate Class 16 in Schedule B.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 7 members: Representatives Conway, Chair; Wood, Vice Chair; Clements, Ranking Minority Member; Chandler, Kenney, Lysen and McMorris.

Staff: Jill Reinmuth (786-7134).

Background:

Washington's unemployment compensation program is designed and intended to provide partial wage replacement benefits for workers who are unemployed through no fault of their own. Contributions are payroll taxes used to finance these benefits. Contribution rates are determined using the attached tax table, and are based on the tax schedule in effect and the employer's rate class.

Tax Schedule: The tax table contains seven different tax schedules, AA through F. The tax schedule is set annually, and depends on the balance in the unemployment insurance

trust fund and the total payroll in covered employment. (In 2002, Schedule A is in effect.)

Rate Class: Each tax schedule contains 20 different rate classes. The rate class varies from employer to employer. An employer is assigned to one of 20 rate classes depending on the employer's layoff experience relative to other employers' experiences.

Recent Legislation: In 2000 when the Legislature reduced most contribution rates, there was an error in one contribution rate in the tax table. Rate Class 16 in Schedule B was set at the incorrect rate of 3.69 percent.

Summary of Bill:

An error is corrected in an unemployment insurance contribution rate. Rate Class 16 in Schedule B is reduced from the incorrect rate of 3.69 percent to the correct rate of 3.42 percent.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill corrects a clerical error that inadvertently raised a tax rate. To date, no employers have been impacted by the error. In 2003 if Schedule B takes effect as expected, 3,200 employers would be impacted.

Testimony Against: None.

Testified: Tammy Fellin, Employment Security Department.