

HOUSE BILL REPORT

SSB 6735

As Reported by House Committee On:

Commerce & Labor

Title: An act relating to direct deposit of unemployment compensation benefits.

Brief Description: Providing for direct deposit of unemployment compensation benefits.

Sponsors: Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators Rasmussen, Prentice, Benton, Keiser, Hochstatter, Honeyford, Winsley, Gardner and Regala).

Brief History:

Committee Activity:

Commerce & Labor: 2/25/02, 2/26/02 [DPA].

Brief Summary of Substitute Bill (As Amended by House Committee)

- Allows unemployment compensation recipients to elect to have their benefits deposited directly to their accounts in financial institutions.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended. Signed by 6 members: Representatives Conway, Chair; Wood, Vice Chair; Chandler, Kenney, Lysen and McMorris.

Minority Report: Do not pass. Signed by 1 member: Representative Clements, Ranking Minority Member.

Staff: Jill Reinmuth (786-7134).

Background:

Currently, the Employment Security Department pays unemployment benefits to an eligible individual by mailing checks to him or her. The department does not pay benefits by direct deposit.

In 1988, however, the department paid benefits by direct deposit as part of a one-year

pilot project to study electronic benefits distribution. Just over 8 percent of eligible individuals elected to have the department pay benefits by direct deposit.

Thirteen other states pay unemployment benefits to some eligible individuals by making direct deposits of benefits to their accounts.

Summary of Amended Bill:

An eligible individual may elect to have his or her unemployment benefits deposited directly to his or her account in a financial institution. The deposit is credited to the individual's account in the financial institution. Financial institution— refers to a bank, credit union, or savings and loan association.

Amended Bill Compared to Substitute Bill:

A requirement that deposits be available for immediate transfer from an account in one financial institution to an account in another financial institution is deleted.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Credit unions must verify certain information before wiring funds to accounts in other financial institutions. Immediate transfer of funds to such accounts is not possible. The striking amendment addresses this concern.

Testimony Against: None.

Testified: (In support with amendment) Mark Gjurasic, Washington Credit Union League; Marlisa Batemen, Olympia Credit Union; and Tammy Fellin, Employment Security Department.