

FINAL BILL REPORT

SHB 1832

C 4 L 03

Synopsis as Enacted

Brief Description: Correcting rate class 16 in schedule B by amending RCW 50.29.025 and making no other changes.

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

House Committee on Commerce & Labor
Senate Committee on Commerce & Trade

Background:

Washington's unemployment compensation program provides partial wage replacement benefits for workers who are unemployed through no fault of their own. Employers make contributions through payroll taxes to finance these benefits. Contribution rates are based on a statutory tax table and are determined by the tax schedule in effect and the employer's rate class.

The tax table contains seven different tax schedules, AA through F. The tax schedule in effect is set annually and depends on the balance in the unemployment insurance trust fund and the total payroll in covered employment. Schedule B is in effect for 2003.

Each tax schedule contains 20 different rate classes. An employer is assigned to one of these 20 rate classes depending on the employer's layoff experience relative to other employers' experience.

In 2000 legislation was enacted that reduced various contribution rates. The reductions were based on a tax table forwarded by the Employment Security Department using the Legislature's policy assumptions. In the tax table, the contribution rate for Rate Class 16 in Schedule B was erroneously set at 3.69 percent instead of 3.42 percent.

In 2002 the Legislature approved two bills that affected the tax tables. The Governor vetoed House Bill 2303, which corrected the tax table error in Rate Class 16, because this error was also corrected in the tax table in EHB 2901. However, most of the tax provisions contained in EHB 2901 were referred to the people in Referendum Measure 53 and were not approved in the November 2002 elections. As a result, the correction in Rate Class 16 did not take effect.

Summary:

An error is corrected in the unemployment insurance contribution rate for Rate Class 16 in Schedule B. Beginning with rate year 2003, the rate is changed from 3.69 percent to 3.42 percent.

Votes on Final Passage:

House 95 0

Senate 49 0

Effective: March 13, 2003