

SENATE BILL REPORT

SSB 6292

As Passed Senate, February 14, 2006

Title: An act relating to an exemption from unemployment compensation contributions for certain small performing arts industries.

Brief Description: Providing an exemption from unemployment compensation contributions for certain small performing arts industries.

Sponsors: Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Kohl-Welles, Parlette, Keiser, Thibaudeau, Kline, McAuliffe and Mulliken).

Brief History:

Committee Activity: Labor, Commerce, Research & Development: 1/16/06, 1/31/06 [DPS].
Passed Senate: 2/14/06, 48-0.

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6292 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kohl-Welles, Chair; Franklin, Vice Chair; Parlette, Ranking Minority Member; Brown, Keiser and Prentice.

Staff: Jennifer Strus (786-7316)

Background: Generally, most employers are required to pay unemployment taxes on their employees unless the employer can show that the workers are volunteers or independent contractors. In the performing arts area, many theaters and other performing arts groups are very small and while they do not pay wages to most of their performers, they sometimes pay a stipend to them as reimbursement for travel, child care, and food expenses. In the past, the Employment Security Department (ESD) has considered these stipends to constitute wages on which unemployment taxes must be paid unless the performing arts company has a paper trail showing that the stipend was reimbursement for expenses incurred in participating in the performances.

Summary of Bill: The definition of "remuneration" is amended to include any stipend of \$100 or less per week and no more than \$600 per year provided to a person involved in performances sponsored by a theater company, dinner theater, dance company, musical groups and artists or museums as long as the business employees no more than three paid staff in a calendar year.

The term "stipend" is defined to mean reimbursement for expenses incurred as a result of participating in a performance sponsored by one of the above businesses. Expenses for which reimbursement is appropriate include child care, mileage, and meals.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: There is a long standing tradition in the arts community to pay performers a small stipend for their participation in performances. Many small theaters and other performing arts groups which pay small stipends do so as reimbursement for the performer's out of pocket expenses for participating. ESD has considered the stipend to be wages upon which unemployment taxes must be paid and, as a result, many small performing arts groups have discontinued production of performances, no longer offer stipends, or replaced large cast shows with smaller cast shows. This bill is needed to provide some middle ground for smaller arts groups.

Testimony Against: None.

Testimony Other: The language of the bill should exclude instrumental musicians. Although small arts productions are considered a training ground for performers, they are not for instrumental musicians. The bill should also exclude technicians from its application. These are technical people who work behind the stage.

Who Testified: PRO: Jean Leonard, Washington State Arts Alliance; Gretchen Johnston, Executive Director, Washington State Arts Alliance; Karen Lane, Executive Director, Theater Puget Sound.

OTHER: Motter Snell, AFM Local 76-493; David Robinson, IATSE Local 488.