

HOUSE BILL REPORT

HB 2655

As Passed House:
February 13, 2008

Title: An act relating to the imposition of delinquency tax rates for qualified employers.

Brief Description: Concerning the imposition of delinquency tax rates for qualified employers.

Sponsors: By Representatives Conway, Condotta, Green and Wood; by request of Employment Security Department.

Brief History:

Committee Activity:

Commerce & Labor: 1/17/08, 1/18/08, 1/24/08 [DP].

Floor Activity:

Passed House: 2/13/08, 96-0.

Brief Summary of Bill

- Provides that the Employment Security Department must disregard certain delinquent payments and may disregard others when determining whether an employer is qualified to have its unemployment insurance tax rates based on layoff experience.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 8 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Crouse, Green, Moeller and Williams.

Staff: Brian Considine (786-7290).

Background:

Most employment in the state is covered for unemployment insurance. Each covered employer is required to pay contributions (taxes) on a percentage of his or her taxable payroll, except for certain employers who reimburse the Employment Security Department (Department) for benefits paid to these employers' former workers.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

For qualified employers, contribution rates are determined by the combined rate assigned to the employer based on layoff experience, social costs, and a solvency surcharge, if any. Contribution rates vary, but may not exceed 6.5 percent plus a solvency surcharge, if any. For employers that are not qualified because of delinquent payments of contributions, interest, or penalties, contribution rates are higher.

For purposes of determining whether employers are qualified or delinquent, the Department is:

- authorized to disregard delinquent payments if the amount is less than \$100 or less than 0.5 of 1 percent of the employer's yearly tax; and
- authorized to disregard delinquent reports and payments from certain domestic services if an otherwise qualified employer acted in good faith and forfeiture of qualification would be inequitable.

Summary of Bill:

For purposes of determining whether employers are qualified or delinquent, the Department is:

- required to disregard delinquent payments if the amount is less than \$100 or less than 0.5 of 1 percent of the employer's yearly tax; and
- authorized to disregard delinquent reports and payments from any services if an otherwise qualified employer acted in good faith and forfeiture of qualification would be inequitable.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) Currently, the Department must raise the unemployment tax rate if an employer files a delinquent payment, even if the amount is small or raising the rate would be inequitable. This bill provides discretion similar to other discretion granted to the agency by the Legislature. The discretion allows the agency to prevent unfair results and an employer does not have to go from the lowest tax rate to the highest because of a minor mistake. Also, it allows the agency to treat all employers equitably.

(Opposed) None.

Persons Testifying: Nan Thomas, Employment Security Department.

Persons Signed In To Testify But Not Testifying: None.