

# SENATE BILL REPORT

## HB 2655

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As Reported By Senate Committee On:  
Labor, Commerce, Research & Development, February 25, 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:** Representatives Conway, Condotta, Green and Wood; by request of Employment Security Department.

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

**Committee Activity:** Labor, Commerce, Research & Development: 2/25/08 [DP].

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### SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

**Majority Report:** Do pass.

Signed by Senators Kohl-Welles, Chair; Keiser, Vice Chair; Holmquist, Ranking Minority Member; Franklin, Hewitt, King, Murray and Prentice.

**Staff:** Mac Nicholson (786-7445)

**Background:** The unemployment insurance (UI) system is a federal/state program under which employers pay contributions to fund unemployment compensation for unemployed workers. Most employment in the state is covered for unemployment insurance. With limited exceptions, each covered employer is required to pay contributions on a percentage of the employer's taxable payroll.

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 for qualified employers vary, but may not exceed 6.5 percent. For employers that are not qualified, contribution rates are higher. In order to be considered a qualified employer, all reports, contributions, interest, and penalties required under the UI system must be submitted by the appropriate cut-off date. For the purposes of determining whether an employer is qualified, the Employment Security Department (ESD) may disregard unpaid contributions, interest, and penalties if the unpaid obligations constitute less than \$100 or less than one-half of 1 percent of the employer's total tax reported for the 12-month period preceding the computation date. ESD may also disregard delinquent reports, contributions, penalties, and interest from certain domestic service employment if an otherwise qualified employer acted in good faith, and forfeiture of qualification would be inequitable.

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*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.*

**Summary of Bill:** For the purposes of determining whether an employer is qualified, ESD may disregard delinquent reports, contributions, penalties, or interest from all employers; and ESD is required to disregard unpaid contributions, interest, and penalties less than \$100 or less than one-half of 1 percent of the employer's total tax reported for the 12-month period preceding the computation date.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** None.

**Persons Testifying:** No one.