

FINAL BILL REPORT

SSB 5534

C 366 L 07

Synopsis as Enacted

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

Sponsors: Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Kohl-Welles, Clements and Keiser).

Senate Committee on Labor, Commerce, Research & Development
House Committee on Commerce & Labor

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

Summary: The term "employment," as used throughout the unemployment insurance statutes, does not include any person engaged in activities related to a performance sponsored by a theater company, dinner theater, dance company, museum, musical groups and artists as long as the person receives no pay for the activities other than a nominal stipend. A stipend is a fixed amount of money periodically paid to defray expenses. The stipend is presumed to defray the person's incidental expenses incurred in the activities, including meals, transportation, lodging, costumes, supplies, child care, and related expenses. Employers who employ more than three persons during any portion of the day in a calendar year must pay unemployment taxes.

Votes on Final Passage:

Senate	47	0	
House	95	1	(House amended)
Senate	47	0	(Senate concurred)

Effective: July 22, 2007