

SENATE BILL REPORT

SB 5702

As Reported By Senate Committee On:
Labor, Commerce, Research & Development, February 27, 2007

Title: An act relating to notice to certain employees of a claim of exemption from paying unemployment insurance taxes.

Brief Description: Requiring notice to certain employees of a claim of exemption from paying unemployment insurance taxes.

Sponsors: Senators Benton, Keiser, Swecker, Kohl-Welles and Roach.

Brief History:

Committee Activity: Labor, Commerce, Research & Development: 2/05/07, 2/27/07 [DPS].

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5702 be substituted therefor, and the substitute bill do pass.

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

Staff: Jennifer Strus (786-7316)

Background: A church, or convention or association of churches, or an organization that is operated primarily for religious purposes and which is operated, supervised, controlled, or principally supported by a church, convention, or association is exempt from paying unemployment insurance taxes. As a result, the employees of these organizations generally will not be eligible for unemployment compensation.

Summary of Bill: Before a church, or convention or association of churches, or an organization that is operated primarily for religious purposes and which is operated, supervised, controlled, or principally supported by a church, convention, or association can be exempt from paying unemployment insurance taxes, it must demonstrate to the Employment Security Department (ESD) that it has informed all its employees that it is claiming the exemption. After the effective date of this section, the church or religious organization must notify potential employees that it is claiming the exemption prior to the date they are hired.

EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Labor, Commerce, Research & Development): An exempt employer is required to post a notice in a conspicuous place stating that the employer is exempt from

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paying unemployment insurance taxes. An exempt employer must inform an employee at the time of hiring that the employer is exempt from paying UI taxes.

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: OTHER: Although the fiscal note is not yet complete, ESD estimates the costs will be high because ESD does not currently track this information and to implement the bill would require ESD to develop a tracking system. Churches and religious groups are not required to report anything to ESD so the agency is not certain how many organizations would be affected by this bill. ESD suggested that perhaps the standard employee notice of unemployment insurance rights that every employer must post be amended to include some additional information about churches and religious organizations being exempt from unemployment insurance taxes and what that means to an employee.

OTHER: Candria Rauser, Annette Copeland, ESD.