

# HOUSE BILL REPORT

## HB 1338

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### As Passed Legislature

**Title:** An act relating to expanding industries that qualify for good cause for late filing of reports, contributions, penalties, or interest.

**Brief Description:** Qualifying for good cause for late filing of reports, contributions, penalties, or interest.

**Sponsors:** Representatives Conway, Condotta, Wood, Armstrong, Hunt, Green, Williams, Crouse, Moeller, Chandler, Chase, Simpson and Kelley; by request of Employment Security Department.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 1/23/09 [DP].

**Floor Activity**

Passed House: 2/23/09, 96-1.

Passed Senate: 4/7/09, 42-0.

Passed Legislature.

**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.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

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

**Staff:** Jill Reinmuth (786-7134)

**Background:**

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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.*

Most employment in the state is covered for unemployment insurance. Most covered employers are required to pay contributions (taxes) on a percentage of their taxable payroll. (There are some employers who reimburse the Employment Security Department (Department) for benefits paid to their former workers.)

For qualified employers, contribution rates are determined by the combined rate assigned to the employer based on layoff experience, social costs, and any solvency surcharge. Contribution rates vary, but may not exceed 6.5 percent plus any solvency surcharge. 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 the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The agency appreciates your sponsorship of the bill.

(Opposed) None.

**Persons Testifying:** Nan Thomas, Employment Security Department.

**Persons Signed In To Testify But Not Testifying: None.**