

SENATE BILL REPORT

SB 5009

As of January 26, 2009

Title: An act relating to benefits charged to the experience rating accounts of employers.

Brief Description: Creating a military service exemption for benefits charged to the experience rating accounts of employers.

Sponsors: Senators Marr, Swecker, Hobbs, King, Sheldon, Kilmer, Ranker, Berkey, Haugen, Kauffman, Rockefeller, Hatfield, McAuliffe, Shin and Roach.

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 1/19/09.

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Staff: Mac Nicholson (786-7445)

Background: An employer's total state unemployment tax includes an experience rated tax and a social tax. Generally, benefits paid to unemployed workers are charged to the former employer. Any charges against an employer are figured into the employer's experience rated tax. Consequently, the more benefits that are charged to an employer, the higher the employer's experience rated tax is likely to be. Some benefits, however, are not charged to the former employer. Benefits not charged to a specific employer are socialized among all employers. The social tax component of an employer's total state unemployment tax covers the social costs (the amount of benefits paid out that exceeds the total amount of experience rated taxes paid in). The current social tax rate is 0.5 percent of total taxable payroll.

Certain benefits are automatically not charged against an employer, and the Commissioner of the Employment Security Department has the authority to grant requesting employers relief from other benefit charges. The Commissioner has discretion to grant benefit charge relief if the benefit charge results from a payment to an individual who left employment voluntarily for reasons not attributable to the employer; the individual was discharged for work connected misconduct; the individual is unemployed because the work location was closed or scaled back due to a natural disaster or catastrophe; or the individual continues working as a permanent part-time employee for the employer and separated from concurrent employment with a different employer at some time during the base year.

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: The Commissioner has discretion to grant benefit charge relief to an employer if the benefit charge results from a payment to an individual who was hired to replace an employee who was called to federal active military service and is subsequently laid off when the military employee returns to work within four weeks of their discharge from active duty.

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: PRO: This is a fairness issue for employers. The experience rating of an employer shouldn't be affected when folks who have been called up for military service come back to work.

OTHER: The Employment Security Department is neutral on the bill and doesn't anticipate any problems implementing it.

Persons Testifying: PRO: Ted Wicorek, Veterans Legislative Coalition.

OTHER: Neil Gorrell, Employment Security Department.