

SENATE BILL REPORT

SB 6587

As of January 30, 2010

Title: An act relating to limiting employer contribution rates for unemployment insurance purposes.

Brief Description: Limiting employer contribution rates for unemployment insurance purposes.

Sponsors: Senators Holmquist, Sheldon, King, Pflug, Zarelli, Schoesler, Carrell, Parlette, Stevens, Hewitt, Brandland, Honeyford, Morton, Swecker, Becker, Delvin and Roach.

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 2/02/10.

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Staff: Mac Nicholson (786-7445)

Background: The total amount of unemployment insurance (UI) contributions or taxes paid by an employer includes an experience rated tax and a social tax. The experience rated tax is determined based on an employer's benefit ratio and falls into one of 40 rate classes. The social tax component covers social costs, or costs resulting from the payment of benefits to an individual that are not charged to a specific employer. The social tax is calculated using the flat social cost factor. The minimum flat social cost factor is 0.6 percent, which can be lowered based on the number of months of benefits in the UI trust fund. The flat social cost factor is then graduated for each employer based on the employer's rate class.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): A maximum flat social cost factor is established for rate years 2011-2013. The maximum for rate years 2011 and 2012 is 1.4 percent, and the maximum for rate year 2013 is 1.0 percent.

Appropriation: None.

Fiscal Note: Requested on January 30, 2010.

Committee/Commission/Task Force Created: No.

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.

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