

SENATE BILL REPORT

SB 6793

As Reported by Senate Committee On:
Labor, Commerce & Consumer Protection, February 4, 2010

Title: An act relating to unemployment benefits and taxes.

Brief Description: Relating to unemployment benefits and taxes.

Sponsors: Senator Kohl-Welles.

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 2/02/10, 2/04/10 [DP, DNP].

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Majority Report: Do pass.

Signed by Senators Kohl-Welles, Chair; Keiser, Vice Chair; Franklin and Kline.

Minority Report: Do not pass.

Signed by Senators Honeyford and King.

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.

The maximum amount of regular UI benefits payable in an individual's benefit year is the lesser of 26 times the individual's weekly benefit amount or one-third of the individual's base year wages. An individual's weekly benefit amount is 3.85 percent of the average of the individual's wages in the two quarters of the base year in which wages were highest. The maximum amount payable weekly is 63 percent of the average weekly wage. The minimum

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amount payable weekly is 15 percent of the average weekly wage. An additional benefit of \$45 per week was provided to individuals who filed claims before January 3, 2010.

Summary of Bill: The act is known as the unemployment benefits and taxes act of 2010.

Appropriation: None.

Fiscal Note: Not requested.

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: Businesses and workers are hurting. Unemployment insurance is important, and a balanced approach of increased benefits and decreased taxes is necessary. Premium relief can be provided, but benefit relief should also be provided.

Persons Testifying: PRO: Rebecca Johnson, Washington State Labor Council; Dave Johnson, Washington State Building and Construction Trades Council.