

# HOUSE BILL REPORT

## HB 2393

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### As Reported by House Committee On:

Judiciary

Health & Human Services Appropriations & Oversight

**Title:** An act relating to federal new hire reporting requirements.

**Brief Description:** Concerning employer reporting to the state support registry.

**Sponsors:** Representatives Rodne, Pedersen, Moscoso and Condotta; by request of Department of Social and Health Services.

### Brief History:

#### Committee Activity:

Judiciary: 1/16/12, 1/19/12 [DP];

Health & Human Services Appropriations & Oversight: 1/31/12, 2/2/12 [DP].

#### Brief Summary of Bill

- Requires employers to report the employee's hiring date when reporting to the New Hire Registry.
- Defines when an employee is a "new hire" to be consistent with the federal law's new definition.

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## HOUSE COMMITTEE ON JUDICIARY

**Majority Report:** Do pass. Signed by 10 members: Representatives Pedersen, Chair; Goodman, Vice Chair; Eddy, Hansen, Kirby, Klippert, Nealey, Orwall, Rivers and Roberts.

**Minority Report:** Do not pass. Signed by 1 member: Representative Shea, Assistant Ranking Minority Member.

**Staff:** Trudes Tango (786-7384).

### 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.*

As a condition of receiving federal funds for Temporary Assistance for Needy Families and the state's child support enforcement program, states must comply with federal requirements regarding child support laws.

For the purposes of enforcing child support obligations, federal law requires states to have employer "new hire reporting" requirements. The new hire reporting requirements have been in effect since the 1990s.

All employers doing business in Washington must report to the state support registry (registry) the hiring of any new employee and the rehiring of any employee who was laid off, furloughed, separated, granted a leave without pay, or terminated from employment. The employer must provide the employee's name, Social Security number, and date of birth. Failure to report may result in civil sanctions on the employer. Employers may report by mailing a copy of the employee's W-4 form or by other means authorized by the registry, including electronically.

The registry retains information on an employee only if the registry is responsible for establishing, enforcing, or collecting a support debt of the employee. The registry may keep information on an employee for as long as may be necessary to share the information with the national directory of new hires as required under federal law or to provide the information to other state agencies for comparison with records possessed by those agencies. For example, the Employment Security Department obtains information in the new hire registry to assist it in monitoring the unlawful collection of unemployment benefits. Information that is not permitted to be retained is destroyed.

Last year, Congress enacted legislation that requires states to amend their new hire reporting registries in two ways: (1) employers must report the employee's hire date; and (2) the federal law's definition of "newly-hired employee" must be used.

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### **Summary of Bill:**

Employers must report to the state support registry (registry) the hiring of any person who has not previously been employed by the employer or who was previously employed by the employer but has been separated from that employment for at least 60 consecutive days. Employers must report the date the employee first performed services for pay.

Employers must report, to the extent practicable, by W-4 form, or at the option of the employer, an equivalent form, and may mail the form, or may transmit it electronically, or by other means authorized by the registry.

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**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) These changes are needed to comply with the federal requirements. There is an added benefit of helping the Employment Security Department (ESD) to improve its fraud detection program regarding overpayments. The ESD and the Division of Child Support collaborated to produce the language in the bill. The improved reporting requirements will give the ESD an important tool to detect fraud and errors. The bill makes a small amendment to the existing form. Employers can report in a number of ways, including electronically. The new hire reporting process is faster than the Social Security Administration process.

(Opposed) None.

**Persons Testifying:** David Stillman, Department of Social and Health Services.

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

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**HOUSE COMMITTEE ON HEALTH & HUMAN SERVICES APPROPRIATIONS & OVERSIGHT**

**Majority Report:** Do pass. Signed by 10 members: Representatives Dickerson, Chair; Appleton, Vice Chair; Johnson, Ranking Minority Member; Schmick, Assistant Ranking Minority Member; Cody, Green, Harris, Kagi, Pettigrew and Walsh.

**Minority Report:** Do not pass. Signed by 1 member: Representative Overstreet.

**Staff:** Melissa Palmer (786-7388).

**Summary of Recommendation of Committee On Health & Human Services Appropriations & Oversight Compared to Recommendation of Committee On Judiciary:**

No new changes were recommended.

**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) Failure to implement these changes would risk the state's federal funding for child support enforcement and the Temporary Assistance for Needy Families program . This

is the largest potential fiscal impact related to this policy. This change will be an important tool for both the Economic Services Administration and the Employment Security Department because it will help prevent overpayments.

(Opposed) None.

**Persons Testifying:** David Stillman, Department of Social and Health Services, Economic Services Division.

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