

SENATE BILL REPORT

HB 2339

As Reported by Senate Committee On:
Labor, Commerce & Consumer Protection, February 16, 2012

Title: An act relating to unemployment insurance benefit charging relief for part-time employers who continue to employ a claimant on a part-time basis and the claimant qualified for two consecutive claims with wages attributable to at least one employer who employed the claimant in both base years.

Brief Description: Providing unemployment insurance benefit charging relief for part-time employers who continue to employ a claimant on a part-time basis and the claimant qualified for two consecutive claims with wages attributable to at least one employer who employed the claimant in both base years.

Sponsors: Representatives Sells, Condotta, Reykdal, Taylor and Springer.

Brief History: Passed House: 2/09/12, 97-0.

Committee Activity: Labor, Commerce & Consumer Protection: 2/16/12 [DP].

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Majority Report: Do pass.

Signed by Senators Kohl-Welles, Chair; Conway, Vice Chair; Holmquist Newbry, Ranking Minority Member; King, Assistant Ranking Minority Member; Hewitt, Keiser and Kline.

Staff: Mac Nicholson (786-7445)

Background: The unemployment compensation system provides partial wage replacement for individuals who are unemployed through no fault of their own. Generally, benefits are payable to individuals who are unemployed and who meet other eligibility requirements. Each covered employer is required to pay contributions on a percentage of the employer's taxable payroll, except for certain employers who reimburse the Employment Security Department (ESD) for benefits the agency pays to the employers' former workers. For most covered taxable employers, contribution rates are determined by the combined rate assigned to the employer based on layoff experience, social costs, and the solvency surcharge, if any.

Unemployment insurance benefits paid to employees must be charged back to the separating employer. Certain benefits paid to employees will not be charged to the employer and will be

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socialized among all rate-paying employers. Additionally, an employer can request benefit charge relief in limited circumstances, provided the request is made in writing to ESD within 30 days of the initial determination of the unemployment claim.

Summary of Bill: An employer may request benefit charge relief when benefits are paid to an individual who:

- continues to be employed on a regularly scheduled permanent part-time basis; and
- qualified for two consecutive unemployment claims where wages were attributable to at least one employer who employed the individual in both base years.

Benefit charge relief ends when the employment relationship between the employer requesting relief and the claimant ends. Benefit charge relief granted in the legislation is not available to shared work employers.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on January 1, 2013.

Staff Summary of Public Testimony: PRO: A small business decided to hire a part-time worker who was previously unemployed. After a few months, the employer found his experience rating was way up because of the way ESD charged benefits. This bill is a way of fixing the problem so that an employer who hires a previously unemployed individual on a part-time basis isn't hammered with a high UI rate.

OTHER: The problem this bill addresses doesn't occur often. As UI claims go longer, individuals may collect UI and work, and over time they will qualify for a new claim. When that happens, federal law requires ESD to put the person on the new claim, and in those cases all base-year employers will be charged, including the permanent part-time employer who hasn't separated the individual from employment.

Persons Testifying: PRO: Representative Sells, prime sponsor.

OTHER: Neil Gorrell, ESD.