

SENATE BILL REPORT

SB 6222

As of January 27, 2012

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

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

Sponsors: Senators Harper, Hargrove, Holmquist Newbry and Stevens; by request of Department of Social and Health Services.

Brief History:

Committee Activity: Human Services & Corrections: 1/24/12.

SENATE COMMITTEE ON HUMAN SERVICES & CORRECTIONS

Staff: Shani Bauer (786-7468)

Background: All employers doing business in Washington State must report to the Washington State Support Registry when the business hires or re-hires a person for employment. Employers may report by mailing a copy of the employee's W-4 form or other means authorized by the registry. Reports must be submitted within 20 days of the hiring or re-hiring of the person. The reports must include the employee's name, address, social security number, and date of birth. The Department of Social and Health Services transmits the information to the National Directory of New Hires for purposes of enforcing child support obligations. The information is also shared with the Employment Security Department for purposes of verifying employment or non-employment information provided by persons receiving unemployment benefits.

An employer who fails to report as required is subject to a civil penalty of \$25 per month, per employee; or \$500 if the failure to report is the result of a conspiracy between the employer and the employee.

In 2010 Congress passed the Claims Resolution Act of 2010 (PL 111-291). The act requires states to enact laws requiring employers to report the date that services were first performed by the newly hired or re-hired employee. States must incorporate this new provision into law by October 1, 2012, or face potential penalties to federal funding for the child support program and the Temporary Assistance to Needy Families (TANF) program.

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: All employers doing business in the state are required to report to the Washington State Support Registry when the business hires a person for employment and the person:

- has not previously been employed by the employer; or
- was previously employed by the employer but has been separated from employment for at least 60 consecutive days.

The employer must report the date on which the person first performed services for the employer or the date the person returned to work if the person is a re-hire. To the extent practicable, employers must report by submitting a copy of the employee's W-4 form or other equivalent form by first-class mail, electronic transmittal, or other means authorized by the registry.

Appropriation: None.

Fiscal Note: Requested on January 23, 2012.

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 law has been on the books for some time and is a requirement of federal law. This change simply adds the date the new hire starts to perform work for the employer. This helps the department track employment and assists the Employment Security Department (ESD) in verifying employment dates for unemployment. The information is shared with other eligibility agencies, state employment agencies, and the federal government. The change is needed to be compliant with the federal law by October 1.

ESD has roughly 2.3 million workers in Washington state. This data is one of the most important tools ESD uses to reduce fraudulent payment of unemployment benefits. When a person collecting unemployment finds work, the employee is required to inform ESD so it can stop paying benefits. If the employee fails to report, ESD would only know when it receives the quarterly employer's report. This notice allows ESD to get notice from the employer much earlier, and including the start work date will be valuable information.

Persons Testifying: PRO: Wally McClure, DSHS Division of Child Support; Tammy Fellin, ESD.