

SENATE BILL REPORT

SJM 8008

As of February 20, 2011

Brief Description: Requesting that the United States Department of Labor provide Washington with unemployment tax relief equal to any benefit provided to other states.

Sponsors: Senators Brown, Hewitt, Kohl-Welles, Holmquist Newbry, Conway, Parlette, Fraser, Kilmer, White and Hatfield.

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection:

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Staff: Mac Nicholson (786-7445)

Background: A number of states have had to borrow funds from the federal unemployment account to pay unemployment benefits. Generally, those loans must be paid back, with interest, within two years. If a state fails to fully repay a loan, the federal government is required to recoup it by raising federal unemployment insurance (UI) taxes on employers in the state. It is expected that federal UI taxes on employers will increase automatically in a number of states in 2011 and 2012. Interest payments on UI loans are made separately, and are due in September of each year that a state is borrowing. States commonly enact special assessments on employers to make the interest payments.

Current proposals at the federal level would call for a moratorium on states raising taxes to pay for unemployment insurance, allow states to avoid paying interest on their unemployment insurance debt, and suspend automatic hikes in the federal unemployment tax.

Summary of Bill: The United States Department of Labor is requested to provide Washington and UI tax paying employers with federal unemployment tax relief or a financial benefit equal to any benefit provided to employers in states who have had to borrow from the federal unemployment account.

Appropriation: None.

Fiscal Note: Not requested.

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.

Committee/Commission/Task Force Created: No.