

# HOUSE BILL REPORT

## EHB 1394

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### As Amended by the Senate

**Title:** An act relating to changing the employment security department's settlement authority.

**Brief Description:** Changing the employment security department's settlement authority.

**Sponsors:** Representatives Reykdal, Manweller, Sells, Hunt, Green, Van De Wege and Appleton; by request of Employment Security Department.

**Brief History:**

**Committee Activity:**

Labor & Workforce Development: 2/6/13 [DP].

**Floor Activity:**

Passed House: 3/5/13, 96-0.

Senate Amended.

Passed Senate: 4/12/13, 48-0.

### Brief Summary of Engrossed Bill

- Authorizes the Employment Security Department to enter into settlement agreements with employers for less than the amount of taxes, interest, or penalties due when it would be against equity and good conscience to demand the full amount.

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### HOUSE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

**Majority Report:** Do pass. Signed by 9 members: Representatives Sells, Chair; Reykdal, Vice Chair; Manweller, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Green, Holy, Moeller, Ormsby and Short.

**Staff:** Sara Campbell (786-7119) and Joan Elgee (786-7106).

**Background:**

Most employment in the state is covered for purposes of unemployment insurance. Most covered employers are required to pay contributions (taxes) on a percentage of their taxable

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payroll. Alternatively, some employers reimburse the Employment Security Department (ESD) for benefits paid to their former workers.

The ESD is authorized to compromise with employers for owed taxes only when failure to settle would result in the insolvency of the employer. With individual claimants who have received a benefit overpayment, however, the ESD may settle if it would be against equity and good conscience to demand payment of the full amount.

**Summary of Engrossed Bill:**

The ESD may compromise and settle with employers under the same standards as it does with individual claimants. The ESD is authorized to enter into settlement agreements with employers for less than the amount of contributions, interest, or penalties due, regardless of whether the employer would be facing insolvency if forced to pay the full amount, if it would be against equity and good conscience to demand the full amount.

The ESD's settlement authority is made retroactive to January 1, 2013.

**EFFECT OF SENATE AMENDMENT(S):**

The Senate amendment clarifies that the settlement authority is retroactive to January 1, 2013.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately, except for section 1 relating to the settlement authority takes effect January 1, 2013.

**Staff Summary of Public Testimony:**

(In support) This authority will create more equity in the unemployment insurance system and resolve issues with employers in a beneficial way.

(Opposed) None.

**Persons Testifying:** Neil Gorrell, Employment Security Department.

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