

FINAL BILL REPORT

HB 1898

C 51 L 24
Synopsis as Enacted

Brief Description: Concerning unemployment insurance benefit charging.

Sponsors: Representatives Schmidt, Fosse, Connors, Berry, Bronoske, Abbarno, Ormsby, Volz, Leavitt, Low, Reed, Graham, Kloba and Reeves; by request of Employment Security Department.

House Committee on Labor & Workplace Standards
Senate Committee on Labor & Commerce

Background:

The unemployment insurance (UI) system, administered by the Employment Security Department (ESD), is designed to provide partial wage replacement for workers who are unemployed through no fault of their own. Benefits are financed through contributions paid by employers, commonly referred to as payroll taxes. An employer's tax rate includes an experience-rated factor (experience rating), a social-cost factor (social tax), and under certain conditions, a solvency surcharge. Some entities may qualify as reimbursable employers, allowing them to reimburse the ESD for UI benefits actually paid instead of contributing by payroll taxes.

A contribution-paying employer's experience rating is based on the benefits paid to its former employees and the size of its payroll. Benefits are typically proportionally charged to base-year employers according to the amount of wages paid to the person by each employer in the person's base year compared to the wages paid by all employers. There are several categorical exemptions where benefits are charged differently based on the circumstances causing the separation from employment or other factors. This includes, for example, benefits paid to a worker who:

- was later determined to be disqualified or ineligible for those benefits;
- is experiencing a temporary total disability;
- is receiving extended benefits;
- separated from employment as a means to protect themselves against domestic

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- violence or stalking;
- separated from employment to enter an approved apprenticeship program;
- separated from employment because of illness or disability;
- separated from employment in order to care for a child or vulnerable adult; or
- separated from employment in order to relocate to be near his or her minor child.

Depending on the category, benefits are either charged only to the separating employer or not charged to any base-year employer. In the latter instance, those costs are socialized and shared evenly by all employers participating in the UI system. For example, if a worker is eligible for benefits after separating from employment in order to relocate to be near his or her minor child, then those benefits are not charged to any of the base-year employers.

Those costs are socialized in the UI system.

Even in the absence of a categorical exemption, the employer may qualify for relief of charges based on certain criteria. This includes, for example, if the worker left work voluntarily for reasons not attributable to the employer, was discharged for misconduct, or was laid off as a result of a catastrophic incident, among others.

If an employer is charged under circumstances where the employer otherwise qualifies for relief, the employer must make a request for relief of those charges within 30 days. An employer cannot be relieved of charges if the payments were made because the employer failed to respond timely or adequately to a written request for information from the ESD and the employer has demonstrated a certain pattern of such failures. For a response to be considered adequate, the employer must have provided accurate information of sufficient quantity and quality that would allow a reasonable person to determine eligibility for benefits.

Summary:

Certain modifications are made to the requirements and procedures pertaining to benefit charging.

An employer is relieved from benefit charging when the ESD later finds the person is disqualified from receiving those benefits. In addition, certain provisions allowing for relief of charges based on categorical exemptions are modified to clarify that the relief applies to all base-year employers, not just the separating employer.

The ESD may not require an employer to submit a written request in order to be relieved of charges if those benefits are categorically exempt from being directly charged to the employer.

In instances where a written request for relief is required, the ESD may waive the 30-day deadline based on good cause. The provision restricting relief from charges for employers that fail to respond to the ESD is modified. In order for responses to be considered

adequate, the employer must provide accurate information of sufficient quantity and quality that would allow a reasonable person to determine whether a person is eligible for or qualified to receive benefits.

Votes on Final Passage:

House 93 0

Senate 49 0

Effective: June 6, 2024