

HOUSE BILL REPORT

HB 1975

As Passed House:

February 8, 2024

Title: An act relating to relieving individuals from paying interest on certain unemployment insurance overpayment assessments.

Brief Description: Relieving individuals from paying interest on certain unemployment insurance overpayment assessments.

Sponsors: Representatives Ortiz-Self, Ryu, Berry, Ramel, Reed, Simmons, Ormsby, Fey, Kloba, Macri, Street, Fosse, Bergquist, Reeves, Wylie and Pollet; by request of Employment Security Department.

Brief History:

Committee Activity:

Labor & Workplace Standards: 1/10/24, 1/19/24 [DP].

Floor Activity:

Passed House: 2/8/24, 97-0.

Brief Summary of Bill

- Provides that overpayment assessments for unemployment insurance benefits paid during certain weeks of the COVID-19 pandemic will not be charged interest until January 1, 2025, unless the overpayments were the result of fraud.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: Do pass. Signed by 9 members: Representatives Berry, Chair; Fosse, Vice Chair; Schmidt, Ranking Minority Member; Bronoske, Doglio, Ormsby, Ortiz-Self, Rude and Ybarra.

Staff: Trudes Tango (786-7384).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background:

Unemployment Insurance and COVID-19 Relief.

The unemployment insurance (UI) system, administered by the Employment Security Department (ESD), is designed to provide partial wage replacement for unemployed workers when certain conditions are met. In response to the COVID-19 pandemic, Congress enacted several temporary, now-expired UI benefits under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and other legislation. These temporary UI benefit programs extended the number of benefit weeks a claimant could receive under certain conditions. Benefits under one of the programs, the Pandemic Unemployment Assistance, were payable for weeks of unemployment beginning on February 2, 2020, through September 4, 2021.

Overpayments and Interest.

When an individual is paid UI benefits that the person was not entitled to, the ESD must issue an overpayment assessment explaining the reasons for and the amount of the overpayment. The ESD must impose interest of one percent per month on the outstanding balance if the individual fails to repay the overpayment and fails to arrange a repayment plan.

The Commissioner of the ESD has discretion to waive overpayments if the overpayment was not a result of fraud, misrepresentation, willful nondisclosure, or fault attributable to the individual, and collecting the overpayments would be against equity and good conscience. Under federal guidelines, CARES Act overpayments may be waived if the claimant is not at fault and equity and good conscience standards are met. The ESD has adopted rules and procedures to waive certain COVID-19 pandemic relief overpayments. Until an overpayment is waived, interest continues to accrue.

Summary of Bill:

Overpayment assessments for unemployment insurance benefits paid during the week beginning February 2, 2020, through the week ending September 4, 2021, will not be charged interest until January 1, 2025, unless the individual received payments due to fraud. If an individual previously paid interest on overpayments for benefits paid during those weeks, the ESD may either apply those payments toward any principal balance, penalties, or interest owed by the individual or may refund those payments to the individual.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill is about fairness. Due to sheer volume of claims, it has been taking the ESD a long time to approve waivers and, in the meantime, people are accruing interest. About 95 percent of cases have been resolved, but about 5 percent still need to pay, and interest is accruing at no fault of the claimant.

(Opposed) None.

Persons Testifying: Representative Lillian Ortiz-Self, prime sponsor; Caitlyn Jekel, Employment Security Department; and Josh Swanson, International Union of Operating Engineers Local 302.

Persons Signed In To Testify But Not Testifying: None.