

Review of Engrossed HB 2901 and the effect of Referendum Measure 53

	EHB 2901	Status
UNEMPLOYMENT INSURANCE BENEFITS		
<i>Regular Benefits</i>	<ul style="list-style-type: none"> • Freezes the maximum weekly benefit amount (WBA) at \$496 from July 1, 2002, to June 30, 2004. 	Took effect
	<ul style="list-style-type: none"> • Caps the WBA growth rate at 4 percent from July 1, 2004, to June 30, 2010. (Allows for some recapturing of the lost growth when the growth rate is less than 4 percent.) 	Took effect
	<ul style="list-style-type: none"> • Restores the maximum WBA to 70 percent of the average weekly wage, beginning July 1, 2010, if the maximum WBA is less than 70 percent. <i>(Increases the maximum WBA either in equal increments over four fiscal years, or in increments which, together with the growth rate in the maximum amount, do not exceed 9 percent in each fiscal year, whichever restores the maximum amount to 70 percent of the average weekly wage first).</i> 	Took effect
<i>Training Benefits</i>	<ul style="list-style-type: none"> • Allows certain dislocated aerospace workers who previously received training benefits to receive certain limited training benefits. <i>(The dislocated aerospace worker must have been making satisfactory progress in, but not completed, his or her training program. The dislocated aerospace worker is eligible to receive training benefits to complete only that training program. This provision applies only to dislocated aerospace workers who file claims for benefits before January 5, 2003.)</i> 	Took effect
	<ul style="list-style-type: none"> • Eliminates training benefit eligibility for each week in which individuals receive trade readjustment allowances under the federal Trade Act. 	Took effect
	<ul style="list-style-type: none"> • Allows aerospace workers who file claims for benefits on or before January 5, 2003, to receive up to 74 weeks of benefits (including weeks of regular benefits). 	Took effect

	EHB 2901	Status
	<ul style="list-style-type: none"> • Makes an additional \$34 million available to be obligated for training benefits for aerospace workers who file claims for benefits before January 5, 2003. 	Took effect
UNEMPLOYMENT INSURANCE TAXES		
<i>Qualified Employers</i>	<ul style="list-style-type: none"> • Allows new employers to qualify for the tax array after two years of employment experience instead of three years. 	Took effect
<i>Tax Schedule</i>	<ul style="list-style-type: none"> • Caps the schedule in effect in 2004 at no higher than Schedule C. 	Not approved by the people in RM 53
<i>Tax Rates</i>	Beginning in 2003: <ul style="list-style-type: none"> • Increases the rates in classes 1 through 4 by 0.05 (in Schedules B and C only) and in class 19 by 0.03 (in all schedules). • Creates 5 subclasses in rate class 20 (20A through 20E) with rates increased to result in a range of rates from 5.4 to 6.0 percent. Assigns subclasses based on an employer's benefit ratio. • Increases the maximum rate from 5.4 percent to a rate that ranges from 5.7 to 6.0 depending on the schedule in effect. <i>EXCEPT: in the agriculture industry, the maximum rate is the rate in effect in class 20A (5.4 to 5.6 percent depending on the schedule in effect).</i> 	Not approved by the people in RM 53
	Beginning in 2005: <ul style="list-style-type: none"> • Reduces rates in class 4 in Schedules B and C (but remain above current levels). • Reduces rates in classes 6 through 17 in Schedule A (by 9 percent) and in Schedule B (by 5 percent). • Reduces rates in classes 15 and 16 in Schedule AA. 	Not approved by the people in RM 53
<i>Tax Surcharges</i>	<ul style="list-style-type: none"> • Adds an insolvency surcharge of 0.15 percent to all contribution-paying employer rates for 2003 (unless specified federal Reed Act funds are received by the state) and for 2004 (unless the fund balance ratio is above a specified level). 	Took effect

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	<p>Adds an equity surcharge, starting rate year 2005, to all contribution-paying employer rates (except employers in fishing and food processing in rate classes 20A through 20E):</p> <ul style="list-style-type: none"> the employer had ineffective charges in at least three of the last four years. the equity surcharge is calculated by dividing the employer's net ineffective charges by the employer's taxable payroll. the maximum equity surcharge is 0.4 percent (except that the maximum surcharge is 0.6 percent under certain conditions). 	Not approved by the people in RM 53
<i>Taxable Wage Base</i>	<p>Increases the maximum taxable wage base for employers in rate classes 19 and 20A through 20E, and for contribution-paying employers not qualified to be in the array, as follows:</p> <ul style="list-style-type: none"> For rate year 2003, 85 percent of the average annual wage for contribution purposes. For rate year 2004 and thereafter, 90 percent of the average annual wage for contribution purposes. 	Not approved by the people in RM 53
	<ul style="list-style-type: none"> Applies the predecessor employer's taxable wage base to the successor employer for the year of a transfer if a business is transferred to a successor employer who was not an employer at the time of transfer. 	Not approved by the people in RM 53
<i>Experience Rating for Training Benefits</i>	<ul style="list-style-type: none"> Requires training benefits to be charged to employers' experience rating accounts beginning with claims that are effective on or after July 7, 2002. 	Took effect, except that the July 7, 2002, application date was not approved by the people in RM 53
<i>Administrative Costs</i>	<ul style="list-style-type: none"> Covers the costs of administering the act's provisions by the employer contributions to the special account in the administrative contingency fund and deletes a requirement for certain contributions collected for this account to be deposited in the unemployment trust fund. 	Not approved by the people in RM 53
<i>Joint Task Force on Unemployment Insurance</i>	A joint task force is created to study unemployment insurance issues.	Vetoed

Prepared for: Joint Task Force on Unemployment Insurance Benefit Equity

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