SENATE COMMITTEE ON LABOR

March C, 1991 Hearing Room 50 03:00 p.m. Tapes 27 - 29
MEMBERS PRESENT:SEN. GRATTAN KERANS, CHAIR SEN. LARRY HILL, VICE-CHAIR SEN. PETER BROCKMAN SEN. BOB KINTIGH SEN. BOB SHOEMAKER

STAFF PRESENT: ANNETTE TALBOTT, COMM1TTEE COUNSEL ROBERTA WHITE, COMMITTEE ASSISTANT VISITING MEMBERS: REP. SAM DOMINY REP. JOHN SCHOON MEASURES CONSIDERED: SB 535 - HOLIDAY PAY AS A CONSIDERATION OF UNEMPLOYMENT BENEFITS (PUBLIC HEARING) SB 590 - UNEMPLOYMENT BENEFITS FOR RETIRED INDIVIDUALS (PUBLIC HEARING)

These minutes contain materials which paraphrase and/or summaFize statements made during this session. Onlv text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes. TAPE 27, SIDE A

WITNESSES: REP. SAM DOMINY, COTTAGE GROVE REP. JOHN SCHOON, RICKREALL MARC NELSON, MAYOR, CITY OF MONMOUTH STAN KENYON, CITY MANAGER, CITY OF MONMOUTH DONNA HUNTER, MANAGER, TAX SECTION, EMPLOYMENT DIVISION VERN BERGEVIN, REPRESENTATIVE, U.S.W.A., LOCAL 6163 SHARON KIDDER, ASS'T ADMIN. PROGRAMS, EMPLOYMENT DIVISION DICK VAN PELT, EMPLOYMENT DIVISION JACK HINES, REPRESENTATIVE, LOCAL 6163 CARL TYNER, REPRESENTATIVE, LOCAL 6163 RICHARD VAN PELT, TECHNICAL SUPERVISOR, EMPLOYMENT DIVISION STEVE TEGGER, LEGISLATIVE LIAISON, EMPLOYMENT DIVTSTON EILEEN DRAKE, DIRECTOR, EMPLOYEE RELATIONS, TEKTRONIX JERRY FISHER, MANAGER, PUBLIC AFFAIRS, HEWLETT PACKARD Senate Co nutittee on Labor March 6, 1991 - Page 2

DAVE FISKUM, TEKTRONIX

001 CHAIR KERANS called the meeting to order at 3:11 p.m.

SB 590 - RETIRED INDIVIDUALS ELIGIBLE FOR UNEMPLOYMENT BENEFITS - PUBLIC HEARING

WITNESSES: REP. JOHN SCHOON MARC NELSON, MAYOR, CITY OF MONMOUTH STAN KENYON, CITY MANAGER, CITY OF MONMOUTH DONNA HUNTER, MANAGER, TAX SECTION, EMPLOYMENT DTVTSION

010 REPRESENTATIVE JOHN SCHOON: > Sponsor of this bill at the request of the City of Monmouth. > Explains something about the history of the bill. Public Hearing on SB 590 re-opens on page #9.

SB 535 - VACATION PAY FOR UNEMPLOYMENT BENEFITS - PUBLIC HEARING

WITNESSES: REP. SAM DOMINY, COTTAGE GROVE VERN BERGEVIN, REPRESENTATIVE, U.S.W.A., LOCAL 6163 SHARON KIDDER, ASS'T ADMIN. PROGRAMS, EMPLOYMENT DIVISION DICK VAN PELT, EMPLOYMENT DIVISION JACK HINES, REPRESENTATIVE, LOCAL 6163 CARL TYNER, REPRESENTATIVE, LOCAL 6163 RICHARD VAN PELT, TECHNICAL SUPERVISOR, EMPLOYMENT DIVISION STEVE TEGGER, LEGISLATIVE LIAISON, EMPLOYMENT DIVISION EILEEN DRAKE, DIRECTOR, EMPLOYEE RELATIONS,TEKTRONIX JERRY FISHER, MANAGER, PUBLIC AFFAIRS, HEWLETT PACKARD DAVE FISKUM, TEKTRONIX

031 SAM DOMINY, STATE REPRESENTATIVE, COTTAGE GROVE (EXHIBIT A): > HB 2380 was brought to the last legislative session by Tektronix at the request of the Oregon Associated Industries. > People have been denied unemployment benefits because they had vacation which they had not even earned yet. > The amendment puts back into the bill the right to be paid

for holidays without losing unemployment benefits. > The Employment Division has ruled that a person must take leave when the time is earned or Senate Committee on Labor March 6, 1991 - P - e 3

I lose my unemployment benefits for that week. > Those places where there is a contract in place that states a person can take vacation when desired without losing unemployment benefits. > In the past, holidays have not been counted as earnings. Where there is a negotiated contract, it should allow you to take your vacation when you want to without being penalized for unemployment.

149 ANNETTE TALBOTT, COMMITTEE COUNSEL: > 657.157 is the section which was section 3 of HB 2380, which dealt with the designated vacation pay.

REPRESENTATIVE DOMINY: > The "or is eligible" is where the real question is because the department has taken the position "or is eligible" means I can move my vacation to that time period. So that is what the amendment tries to address. 176 SENATOR SHOEMAKER: The present law as it would be amended by this bill, but leaving in most of the rest of that language seems very confusing to me. Reading your amendment looks like you're wording gets to the rest of the problem. We could leave out "not. and just amend it as you have provided in the "- 1 " amendments.

REPRESENTATIVE DOMINY: The difference is that one addresses vacations, the other holidays.

191 SENATOR SHOEMAKER: So the amendment in the bill simply says, categorically, that payment that would be paid to somebody for a holiday is not considered as earnings for purposes of unemployment. Flat out, that's a new rule. REPRESENTATIVE DOMINY: That's returning us to pre-1989. TALBOTT: On § 7, if you want to return it to pre-1989 language, then on line 24 of page 2, after the word payable, you place a period and strike everything else. 217 VERN BERGEVIN, REPRESENTATIVE, U.S.W.A., LOCAL 6163 (EXHIBIT B) > Details Exhibit B. 311 JACK HINES, REPRESENTATIVE, LOCAL 6163 > Testifies in support of SB 535 as amended by Representative Dominy which addresses part of the problem with accrued vacation CHAIR KERANS: As I understand it, and looking at the referee's decision, it was the accumulation of small amounts of hours that got charged against a week. What happened? 322 BERGEVIN: The majority of what happened was that these people were put on reduction in force for 4-5 months before the vacation shut-down. They were drawing unemployment benefits. The company made paper recalls. The people did not return to work, but they called them back and when they were recalled to work, they started earning vacation. These employees were junior employees. . Senate Committee on LAbor March C, 1991- P e 4

CHAIR KERANS: What is a paper recall? BERGEVIN: You don't actually return to work, but the paper says you returned to work, and then you start earning vacation.

CHAIR KERANS: How do you do that?

341 CARL TYNER, REPRESENTATIVE, LOCAL 6163: Our people were off work for several months. The company did what is called a paper recall - the people do not go back to work, the company simply recalls them, so that instead of being laid off, they are on vacation shut-down. They were denied unemployment benefits. Some people were paid a week or two before it was caught, and are now being asked to reimburse the state.

TAPE 28. SIDE A

002 SHARON KIDDER, ASSISTANT ADMINISTRATOR PROGRAMS, EMPLOYMENT DIVISION (EXHIBIT C): > The bill as written does deny benefits to those individuals who have accrued vacation or holidays. 016 RICHARD VAN PELT, TECHNICAL SUPERVISOR, EMPLOYMENT DIVISION: > The amendment as written has no impact on 657.157. > If an individual is entitled to take vacation pay at their discretion, we treat that as earnings under 657.150(6). Under the law as it currently is written, if a person decides to take vacation pay during a layoff of a definite period, if the vacation pay is in excess of one-half of the customary work week, they would lose benefits for the week, as under the operation of 657 .157. If I were on a lay-off and asked for a couple of days vacation pay, I would have that vacation pay deducted from my unemployment dollar for dollar any amount over one-third of the weekly benefit amount. > As the law is right now, I could receive my unemployment and vacation pay, and we wouldn't because we do not treat vacation pay as earnings, and we in no way use it to reduce the weekly benefit amount. > When we make a decision under 157, the first question we ask is do we have a designated vacation period in effect. Has it been designated by the union contract, did the individual elect to take vacation, or, in the absence of a union contract, is this a customary practice of the employer? > If the answer is no, there is no designated vacation unless the individual says he would like to take this as vacation. If the person elects to take some money, and it is a lay-off for just the one week, we would decide whether or not it was the major portion of that week. If it is the major portion of the week, then the person loses benefits for the whole week under 157. > We have not treated holiday pay as other paid leave. We excluded holiday pay as benefit pay. 101CHAIR KERANS: How does this denial occur? VAN PELT: That does happen. If there is any amount of vacation pay or other paid leave, no matter how small, and eligible means even if you can borrow against future vacation payment, if you are in a designated vacation period by contract, and you have even one cent available, the person loses benefits for the entire week.

These minutes contain materials which paraphrase and/or surnmarize sta ~ments mate during this session. Only text enclosed in quotation marks report a rpealcer's exact words. For complete contents of the proceedingr, please refer to the tapes. Senate Co nmittee oa Lahor March 6, 1991 - Page S

120 CHAIR KERANS: You said that the amendment would have no impact on 657 .157(1), so we have a technical problem with the amendment. TALBOTT: Legislative Counsel said that perhaps the amendment would be better placed in 657.157 because otherwise there's no connection between the two provisions, and it would be very unclear about how they would interact. CHAIR KERANS; If we put the amendment in at .157 would that, as an amendment to 535, take care of the case in point? 143 TALBOTT: I think the difference is that the amendment talks about vacation time, not a designated vacation period. VAN PELT: That is correct. TALBOTT: That is understood from legislative counsel that was the distinction that they were trying to make. When companies close down in December, and it's not a designated vacation period, it's just a shut-down. Then, what happens? REPRESENTATIVE DOMINY: I asked Legislative Counsel if they shut down the first week in December for a designated vacation, and if there is still a week of vacation left, what language do I need. This is the language that Legislative Counsel gave me. I am concerned about a negotiated contract that says people can take their vacations when they please, and then somebody else say no, you can't take it then. TALBOTT: I think Mr. Tegger has an answer to the problem. 173 STEVE TEGGER,

LEGISLATIVE LIAISON, EMPLOYMENT DIVISION: I think very simply, in 657.157(1), which deals for collective bargaining, if you take out "or is eligible to take", that would solve the problem. TALBOTT: Or, if you simply have "or is eligible". I do think that addresses the issue, now that I understand more clearly what Representative Dominy is after, that is the language that has been the problem or the reason why the referees have ruled the way they've ruled. CHAIR KERANS: That would allow us to lay the amendment "-1" on the table. TEGGER: This would take care of the problem. It is the "is eligible" that has required us to loon at whether or not there was anything that you have on the books that was in the nature of other paid leave. If there was, we didn't feel that the statute gave us any authority to say, well, you may have only 1 hour or so, so we'll ignore that, but if you've got six hours, we're going to disqualify you on that basis. There is no wiggle room on that. VAnPELT: If we are on a designated vacation period under contract, by deleting the "or is eligible", I am fine for that week. If I elect to take whatever money may be in my account, bingo. There is no provision in .157 to prorate the amount. 228 SENATOR SHOEMAKER: Is it necessary to limit to as provided in a collective bargaining

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agreement? Do we have a possibility of abuse in the plants where there is no bargaining unit?

TEGGER: You're looking at the language in § 3 (c). § 3 deals with those employers who do not have collective bargaining agreements. That was the situation with Tektronix, the promoters of HB 2380. I don't think that the change that we have proposed in § 1 affects Telctronix.

278 DAVE FISKUM, TEKTRONIX

> Introduces Eileen Drake, Director, Employee Relations, Telctronix.

292 EILEEN DRAKE, DIRECTOR, EMPLOYEE RELATIONS,TEKTRONIX > We thought we had the problem fixed the last time around, and we also thought we had it fixed when on appeal. Designated vacation period is not new at Tektronix. Tektronix was not the source of the changes made to HB 2380 that dealt with collective bargaining situations. That was not in the language that we presented in the last session. That was added later. We have no interest in changing in any way the bargaining relationship between employers and their unionized employees. > 0ur focus was solely on those parts of 657.157 that relate to the private non-unionized employer that has a designated vacation period of long standing that is known in advance to all employees in the work place, and where the employees do have vacation time available. > It is my understanding that Representative Dominy's amendments do not affect that part of 657.157. Senator Shoemaker has raised the question of whether or not that section should be changed. I believe that was discussed in great detail in the last legislative session, and the conclusion was that private employers who are not unionized should be allowed to proceed with some degree of freedom. 274 CHAIR KERANS: As far as your concerned, setting aside the "-1" amendment and going back to a hand-engrossed amendment to 657.157, is of no consequence to you. DRAKE: That is correct, but because there is always the potential for any employer to become unionized, I would urge the committee not to step too far into the

middle of the bargaining relationship. CHAIR KERANS: What about 535 as it stands? DRAKE: It appears to me that counting holiday pay as compensation is correct. My understanding of unemployment law is that it is to replace lost wages. 330 SENATOR SHOEMAKER: §7 of 657.150 is only for the purposes of reduction of unemployment compensation. It is not for the calculation of it in the first instance.

TAPE 27. SIDE B

042 REPRESENTATIVE DOMINY: Pre-1989, holidays did not count for anything. They did not count for or against you in the calculation of unemployment benefits.

060 JERRY FISHER, MANAGER, PUBLIC AFFAIRS, HEWLETT PACKARD ~ Hewlett Paclcard supports keeping § 7 of .150, as it is now. We do not want you to remove Senate ~ on Labor March 6,1991- Page 7

the word "not". ~ Since our unemployment rates are based on benefits paid, it would be to our disadvantage to exclude holiday pay when determining unemployment benefits, as this would increase our rates. We would already be compensating our employees for the holidays, and maintaining the current practice is fair to the employee as well. Excluding holiday pay in the benefits determination would be giving them more than their usual compensation for this holiday period. > We don't want to comment on anything that would take away benefits from eligible workers. > 0n the surface I don't think there would be a problem as long as we do not make the change that was suggested on Line 23 of SB 535 as it was printed. 129 TALBOTT: The only change in SB 535 as it stands now is the addition of the "not". So the amendment would have to be the bill at that point. FISHER: Yes. I would have no problem with that.

141 TALBOTT: Can you address the concern about base year calculation and the deduction from that of any holiday pay. VAN PELT: Holiday pay is taxable as wages, and the employer would pay taxes on holiday pay paid to an individual regardless of the proposed amendment in this bill.

SENATOR SHOEMAKER: If the employee elects to be paid in case instead of in time, is that calculated in the base? VAN PELT: All wages are taxable, so if the person is getting paid holiday pay, the employee would pay taxes on it and it would be used to calculate the person's base year wages and weekly benefit amount. 162 TALBOTT: A change in this section of the law would have no impact on that practice whatsoever.

VAN PELT: That is correct.

TALBOTT: What happens if there is a holiday that falls within a designated vacation period? VAN PELT: The Employment Division uses the holiday solely to calculate whether that, in conjunction with vacation periods, comes to the major portion of the week. It's used to decide whether or not there is some designated vacation period of the major portion of the week. REPRESENTATIVE DOMINY: Some of the contracts that I'm familiar with have four ten hour work weeks, and if Christmas falls on Tuesday, these people would have two days of vacation coming to them, so they have 20 hours of pay coming to them. Where would these people qualify when calculating whether they would be able to draw unemployment or not with the change, and without the change. VAN PELT: For a four/ten setting, and occurring during Christmas week, question 1, is Christmas week a designated vacation period? Senate C_ oa Labor March 6, 1991 - Page 8

REPRESENTATIVE DOMINY: Yes, it is a designated vacation period.

VAN PELT: By union contract or under .157.

REPRESENTATIVE DOMINY: Right.

VAN PELT: Then, is the person eligible to take any of that vacation pay? If the answer is yes, then the person is denied benefits for the week.

193 REPRESENTATIVE DOMINY: But I'm talking now about a vacation week, and this is holiday pay. Does the holiday pay then become vacation pay? Or is it still separate?

VAN PELT: It is separate.

REPRESENTATIVE DOMINY: How does that 20 hours calculate? Does it count for nothing for the wages that week? Pre-1989, would those 20 hours count as any kind of wages at all?

VAN PELT: The 20 hours is holiday pay. It would count as nothing. Under current law we would count it as earnings and we would reduce the weekly benefit amount accordingly.

208 TALBOTT: And that's pursuant to 657.150.

VAN PELT: Yes. .150, § 7.

SENATOR HILL: Now, vacation time is also counted as earnings?

VAN PELT: No, it is not treated as earnings. It does not reduce the weekly benefit amount.

REPRESENTATIVE DOMINY: I believe that with vacation pay you either qualify for unemployment benefits or you don't. Am I correct?

VAN PELT: That is correct.

SENATOR HILL: So it is a qualification question. It disqualifies you for the week, it's not treated as earnings to offset, this is a threshold question.

VAN PELT: That is correct.

222 TALBOTT: Just to be sure, by inserting the "not" in §7 of 657.150, and taking out the term "or is eligible" in § 1 of ORS 657.157, we would be where Representative Dominy is desiring to go. Is that correct? VAN PELT: That is correct. 250 TALBOTT: Can you give me an example how, if you were receiving unemployment, you would get holiday pay? VAN PELT: If the bill were to pass, a common week that this would happen would be the week - Senate Committee on l~bor March 6, 19tl Page ~

of Thanksgiving. Plants shut down for the whole week because of Thursday and Friday. If the person received holiday pay for Thanksgiving and/or the day after, and had no other employment in the week, the person would receive their full unemployment benefits.

266 TALBOTT: The Employment Division estimates that this would affect approximately 2,000 people during the year, and the impact would be

$627,000 for the 91-93 biennium, and that is to the fund itself. Is that correct? 273 CHAIR KERANS: I will direct staff and the Employment Division to provide a clear, concise one paragraph of what is in front of us and the options.

TAPE 27, SIDE B

SB 590 - RETIRED INDIVIDUALS ELIGIBLE FOR UNEMPLOYMENT BENEFITS - PUBLIC HEARING

315 MARK NELSON, MAYOR, CITY OF MONMOUTH (EXHIBIT D): > Details Exhibit D. > Does not believe that unemployment benefits should be received by persons who have retired. > Is in support of SB 590. 438 SENATOR SHOEMAKER: What if this person had quit instead of retiring? Would the City have had to pay for that? 445 STAN KENYON, CITY MANAGER: I'm not sure how to answer that. TALBOTT: Because you are a reimbursing employer, the change in the bill as it now stands, if you continue to be a reimbursing employer would not do what you want it to do. You'd still have to pay because of the way the bill is written, it's only for people who pay the normal tax rate. NELSON: In answer to Senator Shoemaker's question, if you voluntarily quit, we would be relieved of charges, and I cannot speak to whether that's the same thing on a reimbursable basis, but I would certainly think that it would be.

TAPE 28, SIDE B

037 CHAIR KERANS: Can you summarize the problem we have with Senate Bill 590 in trying to do what the City of Monmouth wants to do in relationship the retirement of someone from a reimbursable employer?

STEVE TEGGER, LEGISLATIVE LIAISON, EMPLOYMENT DIVISION: > If the City of Monmouth was a tax paying employer, they would have been relieved of charges on this situation which was brought forward. But ORS 657 .504, states that reimbursing employers are not relieved of charges. > The reason why reimbursing employers are not relieved of charges is because they already get a substantial cost savings by virtue of the way the system is structured. If you relieve them of charges, ergo, they don't repay the fund for the benefits that we have paid out, then the tax

paying employers in this state will have to malce up that cost.

CHAIR KERANS: Is that the root of the term "socialized cost".

TEGGER: That's part of what it means.

070 DONNA HUNTER, MANAGER, TAX SECTION, EMPLOYMENT DIVISION (EXHIBIT E) > Introduces Exhibit E, but outlines background material for the committee. > Two taxes that are paid to support the employment security system: · One is the FUTA Tax that is paid by tax paying employers, which is .8% on the first $7,000, and that's used to pay the administrative costs. This is collected by the Internal Revenue Service. · The other tax is collected by the State of Oregon, and the tax rate ranges depending upon what that employer's experience has been with unemployment. > The FUTA tax is at 6.2%. Employers are then allowed a 5.4% offset if our state laws are in conformity with federal legislation. > A state can then reduce a employer's rate below the 5.4% if that tax rate is based totally on their experience with respect to unemployment. If not, they do not get the forgiveness between what it is

we lowered them to and the 5.4%. > In 1944 the federal government began to allow states to non-charge for certain directly related unemployment experience with that employer. The Department of Labor feels that has become somewhat excessive in some of the states. > Socialized costs are in three categories: · Non-charged benefits - those different provisions where a policy determination has been made not to charge tax paying employers if there was a quit not attributable to the employer. That amounts to about half of the total socialized costs. · Excess costs - the tax rates are actually below the benefit rates. In other words, we are paying out more benefits to that employer's unemployed workers than that employer is paying in. At the highest tax rate in Oregon, 5.4%, the 426 employers would actually be paying at 20%-30% if they were paying their actual benefit cost. That is an excess cost which accounts for about 10% of the socialized cost. · Uncollectible costs - a company which goes out of business, or for some other reason we are unable to get out money out of the employer, and that comes to about 10%. Our total socialized costs are about 40% with the non-charging taking up about half. > An employer's tax rate is determined on a competitive basis. The charges to an employer are divided by their total taxable payroll (in Oregon is $16,000 per employee at this time), and arrive at the benefit ratio. The best benefit ratio possible is achieved by dividing the taxable payroll into zeros, because then there will be a benefit ratio of zeros lined up, and you are going to get the lowest tax rate, which is 1.6% right now. > The first best 10% of the taxable employer income of payroll is assigned at the 1.6 tax rate. The next best 5% is at the next tax rate until we get just a very little bit - those 426 or so employers - who end up at the 5.4 level. 163 TEGGER: > Details the last two pages of Exhibit E. > The primary thing we want you to understand from today's information is this: non-charging benefits some employers at the expense of other employers, and that's all it does. It does not

save one dime for the employers in the system, it simply reshuffles the cards in terms of which employer is on top of the deck and which one gets shuffled under the deck. And that's all it does.

354 CHAIR KERANS: How many noncharging items are there among tax paying employers. Are there a number of them that we don't?

HUNTER: Those are listed generally towards the middle of page 2 (EXHIBIT E). Most of them are listed under ORS 657.471. There are about 8 or 9 different sections. Most of them have to do with separations, either quits or discharges, one has to do with part-time work, and then in other sections of the chapter, there is also non-charging for extended benefits - either the federal or Oregon additional benefits. There is also noncharging for attending vocational training, and there is also non-charging for combined wage claims where the person would not have a valid claim other than having combined it, so we don't charge the Oregon employer, who never would have been charged had we not combined with other states.

CHAIR KERANS: What happens if we find out that the City of Monmouth does not benefit from this bill? They are a reimbursing employer, so why shouldn't we socialize the cost? Is there a conformity issue in there someplace, and what happens when we say we're not going to charge them back?

410 HUNTER: If you do not charge it back, they are not a part of the insurance pool. They choose to be self-insured, so they are not a part of the insurance pool. If you non-charge them, there is no other place to get the money that we paid out other than socializing it with the tax paying employers.

CHAIR KERANS: Self-insureds are governmental bodies, is that correct?

HUNTER: Yes, state agencies, political subdivisions and non-profit organizations.

CHAIR KERANS: We could make the decision, however, not to charge them back, couldn't we?

HUNTER: Yes, but you would run into a little bit of tricky language at the federal level, but it could be done. At the federal level there is no provision for non-relief unless it's not attributable to the service provided by the employer. In that particular case, if you did it carefully, you could relieve because of the fact that the person found another job, worked at that job, because had the person quit to retire, it would have been a disqualifying decision had they come in and filed at that time.

TAPE 29, SIDE A

004 CHAIR KERANS: We need to remind ourselves that the reimbursing employer has already gotten a benefit by virtue of not paying FUTA tax. They are paying actual experience without regard to the surcharge.

HUNTER: And for political subdivisions, and only for political subdivisions, there is a third option. Not only can they choose to be tax paying or reimbursing, but they can use a local . _ . Senate Committee on Lebor March 6,1991- P - e 12

government benefit trust fund. And that is a way of pooling costs so that they can budget ahead in case they have an unanticipated lay-off.

017 TALBOTT: If the City of Monmouth had decided to pay taxes as private employers do, they would be relieved of the charge in the instance they described. HUNTER: That is correct. They would be relieved under existing .471(7)(a). TALBOTT: Because they're a reimbursing employer, and they get savings from that due to a variety of reasons, the statutes at this point do not provide for any relief in this kind of situation. HUNTER: That is correct. We went back over with them and calculated their costs over about a 10 year period of time under the 3 different choices that they had, and reimbursing was substantially to their benefit.

027 SENATOR SHOEMAKER: Tell me again the difference between a reimbursing employer and a tax paying employer. CHAIR KERANS: One is you pay on wages under the tax schedule, plus your experience rating. You pay it to the IRS at the same time you do your withholding, there's a form for it and you pay it. SENATOR SHOEMAKER: What's a reimbursing employer? CHAIR KERANS: You don't pay anything.

SENATOR SHOEMAKER: Who does?

CHAIR KERANS: If somebody is laid off, the organization reimburses the fund for the unemployment benefit for each week that it is paid out. On governments and non-profits can be reimbursing employers, everybody else

is a tax paying employer.

041 SENATOR SHOEMAKER: Governments and non-profits are reimbursable? They don't have a choice either? CHAIR KERANS: No, they can be taxed if they want.

TALBOTT: The state is reimbursable, and is required to be reimbursable. The political subdivisions and non-profits can choose.

092 NELSON: We don't think a retired person should be eligible for unemployment benefits under any circumstances. 110 CHAIR KERANS: > The way your bill is written doesn't do you any good. If we were to write the bill to do for reimbursable employers in the same way in which this bill is written, it would then relieve you of the charges, but your former employee would still have received the benefits. nefits. > What you are now saying is you want to jump beyond that to get both SB 590 as printed, > What you are now saying is you want to jump beyond that to get both SB 590 as printed, 590 Senate Committee o t Labor March 6,1991- Page 13

as it might be amended to relieve you of charges as a reimbursable employer, and go to the root question of, should anybody get any benefits under any unemployment insurance claim if they have voluntarily retired. > I am going to ask counsel to return with some recommendations or policy options to consider. Let's take it from the minimum to the optimum in terms of scope and language.

207 The meeting was adjourned at 5:16 p.m.

Submitted by: Reviewed by: Roberta White Annette Talbott
Assistant Committee Counsel

EXHIBIT LOG:

A - Amendments to SB 535 - Representative Sam Dominy - 1 page B - Testimony on SB 535 - United Steelworkers of America - 13 pages C - Testimony on SB 535 - Pamela Mattson - 2 pages D - Testimony on SB 590 - Marc Nelson - 2 pages E - Testimony on SB 590 - Pamela Mattson - 10 pages F - Staff Measure Summaries on SB 535 and SB 590 - Staff - 2 pages G - Fiscal Analyses of SB 535 and SB 590 - Legislative Fiscal Office - 2 pages

These minutes contain rnderials which parephrese Imd/or sumaurize st~ ernenb mede during this ~on Orly text enclosed in quotstion rn~rl~s report · speelcer'~ exact ~ For cornplete contents of the proccedirge, please refer to the tapes