Senate and House Republicans announce pro-jobs legislation

Local News

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OLYMPIA, WA - Calling it an opportunity for the Legislature to pro-actively support job creation, Republicans from the House and Senate today announced a package of bills aimed at helping private-sector employers create and retain jobs.

“Just hours ago, we learned that unemployment in our state jumped again -- to 9.5 percent. People are hurting,” said Sen. Janéa Holmquist, ranking Republican on the Senate Labor, Commerce and Consumer Protection Committee. “A top priority for the 2010 Legislature should be to protect and create new jobs. We understand that our state’s economic recovery depends on our business climate and employers’ ability to provide jobs to our citizens.”

“As a small-business owner for more than 28 years, I know what our employers are going through trying to reduce expenses. The one expense we cannot control is the large check for payroll taxes,” said Rep. Cary Condotta, lead Republican on the House Commerce and Labor Committee. “Payroll taxes are the unseen job-killers that affect all workers and employers in our state. It’s time we consider real reforms like the ones we are offering to lower the cost of doing business so our employers can put people back to work.”

At a Capitol news conference today, Republican legislators were joined by several members of the business community, who detailed how Washington state government is making it difficult for them to create jobs here.

“Raising payroll taxes makes my company have to move from hiring labor to moving more toward capital investments in machinery that do the jobs local workers could do,” said Bryan Stockdale, president of Tumwater-based Winsor Fireform, LLC, a design and manufacturing company specializing in custom displays and exhibits. “I ask the Legislature to not pile any more bricks on the workhorses that are small businesses.”

Mark Shaffer, president of Mark’s Drywall in Lacey, added that he could not overcome the 301.6 percent increase in unemployment insurance payroll tax hike this year. “Every time more money is extracted through state payroll taxes from my bottom line, that means fewer employees I can afford retain and hire,” he said.

To address employers’ concerns, Republicans propose that the Legislature:

Reform workers’ compensation by reducing cost and increasing competition, while still providing crucial services;
Help smooth out the dramatic UI tax increases; and
Make Washington more competitive by passing legislation aimed at attracting new jobs.

“Due primarily to the recession and bad policy enacted by the Legislature, unemployment insurance taxes for Washington’s employers increased by 352 million dollars for this year alone and will increase by 690 dollars next year,” warned Holmquist. “What I’m proposing should avert such sharp increases over the next couple of years, delivering relief employers need now.”

Holmquist discussed her bill to “smooth out” employers’ looming UI tax hikes while protecting the integrity of the UI fund. Under Senate Bill 6587, and its companion House Bill 2920, while taxes would still increase each year through 2013 due to the recession, all employers would benefit from more stable rates and the ability to more confidently make hiring and retention decisions. “Smoothing” is a technique the state uses in its pension systems.

Holmquist pointed out that even employers who have had no layoffs in years are seeing significant spikes in their UI rates as a result of the “social tax” component.

“A&H Printers in my hometown employs 6 people and they have not had an unemployment claim in over 15 years, yet their UI taxes are going up by nearly 300 percent,” reported Holmquist. “I’ll be working with the employer community and my Democratic colleagues to remove the obstacles to saving and creating jobs by reducing costs and adopting needed reforms.”

“Our workers’ compensation system is a failure and there is a real threat that, due to the inefficiency of the system, it could be insolvent within two years, “ Condotta said. “But we can make fixes this session that stop the bleeding and save jobs for everyone – union and non-union employees. The House has a bipartisan bill, House Bill 2950, and its companion Senate Bill 6638, which would make critical reforms to contain costs in the workers’ compensation system and return more people to work!”

On average, an injured worker in Washington with a time-loss claim in the workers’ compensation system misses 270 days. In Oregon, the average worker misses 70 days. Washington also has the second-highest cost per employee and the third-highest benefits package in the country for workers’ compensation claims. All of that, Condotta noted, contributes to the high payroll tax structure and threatens the liquidity of the program.

Condotta added that the unemployment insurance tax increase of more than $300 million also hurts the economy and is likely to increase the state’s unemployment rate beyond the new mark announced today.

“As we heard today, one employer’s unemployment-insurance rates increased more than 900 percent this year. That’s unconscionable, particularly when the increase could cause a spike in job losses statewide,” Condotta explained. “Real reforms cannot wait any longer.”

The Republican jobs plan also includes:

Comprehensive workers’ compensation reforms (Senate Bill 6638/House Bill 2950)

UI smoothing bill (Senate Bill 6587/House Bill 2920)

A B&O tax exemption for new businesses (Senate Bill 6645)

Creation of a Competition Council to review opportunities for private businesses to offer some services now offered by state government through private competition (Senate Bill 5409)

A measure to consider economic realities in the state’s minimum wage law (Senate Bill 6534)

“In a week economy facing a 9.5 percent unemployment rate, a 117 million dollar hike in workers’ compensation taxes, a 352 million dollar hike in UI taxes, and a B&O tax to boot, our employers need help now more than ever,” Holmquist added.

“The Legislature now has an opportunity to prove that Olympia finally gets it. Jobs have to be priority number one.”