

1 **ESB 5925 - H AMDS 144 FAILED 3/7/95**

2 By Representatives Cody, Veloria and Hatfield

3 On page 4, beginning on line 28, strike all of section 2 and  
4 insert the following:

5 "Sec. 2. RCW 50.29.025 and 1995 c . . . s 1 (section 1 of  
6 this act) are each amended to read as follows:

7 The contribution rate for each employer shall be determined  
8 under this section.

9 (1) A fund balance ratio shall be determined by dividing the  
10 balance in the unemployment compensation fund as of the June 30th  
11 immediately preceding the rate year by the total remuneration paid  
12 by all employers subject to contributions during the second  
13 calendar year preceding the rate year and reported to the  
14 department by the following March 31st. The division shall be  
15 carried to the fourth decimal place with the remaining fraction, if  
16 any, disregarded. The fund balance ratio shall be expressed as a  
17 percentage.

18 (2) The interval of the fund balance ratio, expressed as a  
19 percentage, shall determine which tax schedule in subsection (5) of  
20 this section shall be in effect for assigning tax rates for the  
21 rate year (~~((except that during rate year 1995 tax schedule AA shall  
22 be in effect))~~). The intervals for determining the effective tax  
23 schedule shall be:

| Interval of the<br>Fund Balance Ratio<br>Expressed as a Percentage | Effective<br>Tax Schedule |
|--|---------------------------|
| (( <del>2.90</del> )) <u>3.90</u> and above                        | AA                        |
| (( <del>2.50 to 2.89</del> )) <u>3.40 to 3.89</u>                  | A                         |
| (( <del>2.10 to 2.49</del> )) <u>2.90 to 3.39</u>                  | B                         |
| (( <del>1.70 to 2.09</del> )) <u>2.40 to 2.89</u>                  | C                         |

|   |   |   |
|---|---|---|
| 1 | <del>((1.30 to 1.69))</del> <u>1.90 to 2.39</u> | D |
| 2 | <del>((1.00 to 1.29))</del> <u>1.40 to 1.89</u> | E |
| 3 | Less than <del>((1.00))</del> <u>1.40</u>       | F |

4  
 5 (3) An array shall be prepared, listing all qualified  
 6 employers in ascending order of their benefit ratios. The array  
 7 shall show for each qualified employer: (a) Identification number;  
 8 (b) benefit ratio; (c) taxable payrolls for the four calendar  
 9 quarters immediately preceding the computation date and reported to  
 10 the department by the cut-off date; (d) a cumulative total of  
 11 taxable payrolls consisting of the employer's taxable payroll plus  
 12 the taxable payrolls of all other employers preceding him or her in  
 13 the array; and (e) the percentage equivalent of the cumulative  
 14 total of taxable payrolls.

15 (4) Each employer in the array shall be assigned to one of  
 16 twenty rate classes according to the percentage intervals of  
 17 cumulative taxable payrolls set forth in subsection (5) of this  
 18 section: PROVIDED, That if an employer's taxable payroll falls  
 19 within two or more rate classes, the employer and any other  
 20 employer with the same benefit ratio shall be assigned to the  
 21 lowest rate class which includes any portion of the employer's  
 22 taxable payroll.

23 (5) The contribution rate for each employer in the array shall  
 24 be the rate specified in the following table for the rate class to  
 25 which he or she has been assigned, as determined under subsection  
 26 (4) of this section, within the tax schedule which is to be in  
 27 effect during the rate year:

|    |                  |                                |
|----|------------------|--------------------------------|
| 28 |                  |                                |
| 29 | Percent of       |                                |
| 30 | Cumulative       | Schedule of Contribution Rates |
| 31 | Taxable Payrolls | for Effective Tax Schedule     |
| 32 |                  |                                |

5925.E AMH CODY CORD 9

|    | Rate  |        |       |      |      |      |      |      |      |      |  |
|----|-------|--------|-------|------|------|------|------|------|------|------|--|
|    | From  | To     | Class | AA   | A    | B    | C    | D    | E    | F    |  |
| 1  |       |        |       |      |      |      |      |      |      |      |  |
| 2  |       |        |       |      |      |      |      |      |      |      |  |
| 3  |       |        |       |      |      |      |      |      |      |      |  |
| 4  | 0.00  | 5.00   | 1     | 0.36 | 0.36 | 0.46 | 0.86 | 1.36 | 1.76 | 2.36 |  |
| 5  | 5.01  | 10.00  | 2     | 0.36 | 0.36 | 0.66 | 1.06 | 1.56 | 1.96 | 2.56 |  |
| 6  | 10.01 | 15.00  | 3     | 0.46 | 0.46 | 0.86 | 1.26 | 1.66 | 2.16 | 2.76 |  |
| 7  | 15.01 | 20.00  | 4     | 0.46 | 0.66 | 1.06 | 1.46 | 1.86 | 2.36 | 2.96 |  |
| 8  | 20.01 | 25.00  | 5     | 0.66 | 0.86 | 1.26 | 1.66 | 2.06 | 2.56 | 3.06 |  |
| 9  | 25.01 | 30.00  | 6     | 0.86 | 1.06 | 1.46 | 1.86 | 2.26 | 2.66 | 3.16 |  |
| 10 | 30.01 | 35.00  | 7     | 0.96 | 1.26 | 1.66 | 2.06 | 2.46 | 2.86 | 3.26 |  |
| 11 | 35.01 | 40.00  | 8     | 1.16 | 1.46 | 1.86 | 2.26 | 2.66 | 3.06 | 3.46 |  |
| 12 | 40.01 | 45.00  | 9     | 1.36 | 1.66 | 2.06 | 2.46 | 2.86 | 3.26 | 3.66 |  |
| 13 | 45.01 | 50.00  | 10    | 1.56 | 1.86 | 2.26 | 2.66 | 3.06 | 3.46 | 3.86 |  |
| 14 | 50.01 | 55.00  | 11    | 1.86 | 2.16 | 2.46 | 2.86 | 3.26 | 3.66 | 3.96 |  |
| 15 | 55.01 | 60.00  | 12    | 2.06 | 2.36 | 2.66 | 3.06 | 3.46 | 3.86 | 4.16 |  |
| 16 | 60.01 | 65.00  | 13    | 2.26 | 2.56 | 2.86 | 3.26 | 3.66 | 4.06 | 4.36 |  |
| 17 | 65.01 | 70.00  | 14    | 2.46 | 2.76 | 3.06 | 3.46 | 3.86 | 4.26 | 4.56 |  |
| 18 | 70.01 | 75.00  | 15    | 2.76 | 2.96 | 3.26 | 3.66 | 4.06 | 4.46 | 4.66 |  |
| 19 | 75.01 | 80.00  | 16    | 2.96 | 3.16 | 3.46 | 3.86 | 4.26 | 4.56 | 4.76 |  |
| 20 | 80.01 | 85.00  | 17    | 3.16 | 3.36 | 3.66 | 4.06 | 4.46 | 4.76 | 4.86 |  |
| 21 | 85.01 | 90.00  | 18    | 3.56 | 3.76 | 4.06 | 4.46 | 4.76 | 4.86 | 5.06 |  |
| 22 | 90.01 | 95.00  | 19    | 3.96 | 4.16 | 4.46 | 4.86 | 4.96 | 5.06 | 5.26 |  |
| 23 | 95.01 | 100.00 | 20    | 5.40 | 5.40 | 5.40 | 5.40 | 5.40 | 5.40 | 5.40 |  |
| 24 |       |        |       |      |      |      |      |      |      |      |  |

(6) The contribution rate for each employer not qualified to be in the array shall be as follows:

(a) Employers who do not meet the definition of "qualified employer" by reason of failure to pay contributions when due shall be assigned the contribution rate of five and six-tenths percent, except employers who have an approved agency-deferred payment contract by September 30 of the previous rate year. If any employer with an approved agency-deferred payment contract fails to make any one of the succeeding deferred payments or fails to submit any succeeding tax report and payment in a timely manner, the employer's tax rate shall immediately revert to five and six-tenths percent for the current rate year;

(b) The contribution rate for employers exempt as of December 31, 1989, who are newly covered under the section 78, chapter 380,

1 Laws of 1989 amendment to RCW 50.04.150 and not yet qualified to be  
2 in the array shall be 2.5 percent for employers whose standard  
3 industrial code is "013", "016", "017", "018", "019", "021", or  
4 "081"; and

5 (c) For all other employers not qualified to be in the array,  
6 the contribution rate shall be a rate equal to the average industry  
7 rate as determined by the commissioner; however, the rate may not  
8 be less than one percent. Assignment of employers by the  
9 commissioner to industrial classification, for purposes of this  
10 subsection, shall be in accordance with established classification  
11 practices found in the "Standard Industrial Classification Manual"  
12 issued by the federal office of management and budget to the third  
13 digit provided in the Standard Industrial Classification code."

14  
15 On page 8, line 1, strike "January 1, 1998" and insert  
16 "December 1, 1996"

17  
18 On page 8, line 2, strike "1" and insert "2"

19  
20 Correct the title.

**EFFECT:** The amendment provides that the modified fund balance ratio intervals expire at the end of 1996. The fund balance ratio intervals in current law are restored and are in effect for future determinations of the effective tax schedule.