

1 **ESB 5925 - H AMDS 143 FAILED 3/7/95**

2 By Representative Romero

3 On page 1, beginning on line 6, strike all of sections 1 and
4 2 and insert the following:

5 "Sec. 1. RCW 50.29.025 and 1993 c 483 s 21 and 1993 c 226 s
6 13 are each reenacted and 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 Fund Balance Ratio Expressed as a Percentage	Effective Tax Schedule
((3.90)) <u>2.90</u> and above	AA
((3.40 to 3.89)) <u>2.50 to 2.89</u>	A
((2.90 to 3.39)) <u>2.10 to 2.49</u>	B
((2.40 to 2.89)) <u>1.60 to 2.09</u>	C

1	((1.90 to 2.39)) <u>1.10 to 1.59</u>	D
2	((1.40 to 1.89)) <u>0.60 to 1.09</u>	E
3	Less than ((1.40)) <u>0.60</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:

		Percent of								
		Cumulative		Schedule of Contribution Rates						
		Taxable Payrolls		for Effective Tax Schedule						
		((Rate								
From	To	Class	AA	A	B	C	D	E	F	
0.00	5.00	1	0.48	0.36	0.46	0.86	1.36	1.76	2.36	
5.01	10.00	2	0.48	0.36	0.66	1.06	1.56	1.96	2.56	

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1	10.01	15.00	3	0.58	0.46	0.86	1.26	1.66	2.16	2.76
2	15.01	20.00	4	0.58	0.66	1.06	1.46	1.86	2.36	2.96
3	20.01	25.00	5	0.78	0.86	1.26	1.66	2.06	2.56	3.06
4	25.01	30.00	6	0.98	1.06	1.46	1.86	2.26	2.66	3.16
5	30.01	35.00	7	1.08	1.26	1.66	2.06	2.46	2.86	3.26
6	35.01	40.00	8	1.28	1.46	1.86	2.26	2.66	3.06	3.46
7	40.01	45.00	9	1.48	1.66	2.06	2.46	2.86	3.26	3.66
8	45.01	50.00	10	1.68	1.86	2.26	2.66	3.06	3.46	3.86
9	50.01	55.00	11	1.98	2.16	2.46	2.86	3.26	3.66	3.96
10	55.01	60.00	12	2.18	2.36	2.66	3.06	3.46	3.86	4.16
11	60.01	65.00	13	2.38	2.56	2.86	3.26	3.66	4.06	4.36
12	65.01	70.00	14	2.58	2.76	3.06	3.46	3.86	4.26	4.56
13	70.01	75.00	15	2.88	2.96	3.26	3.66	4.06	4.46	4.66
14	75.01	80.00	16	3.08	3.16	3.46	3.86	4.26	4.56	4.76
15	80.01	85.00	17	3.28	3.36	3.66	4.06	4.46	4.76	4.86
16	85.01	90.00	18	3.68	3.76	4.06	4.46	4.76	4.86	5.06
17	90.01	95.00	19	4.08	4.16	4.46	4.86	4.96	5.06	5.26
18	95.01	100.00	20	5.40	5.40	5.40	5.40	5.40	5.40	5.40

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

95.01 100.00 20 5.40 5.40 5.40 5.40 5.40 5.40 5.40

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

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

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

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

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

10 (2) The interval of the fund balance ratio, expressed as a
 11 percentage, shall determine which tax schedule in subsection (5) of
 12 this section shall be in effect for assigning tax rates for the
 13 rate year (~~except that during rate year 1995 tax schedule AA shall~~
 14 ~~be in effect~~). The intervals for determining the effective tax
 15 schedule shall be:

Interval of the Fund Balance Ratio Expressed as a Percentage	Effective Tax Schedule
((2.90)) <u>3.90</u> and above	AA
((2.50 to 2.89)) <u>3.40 to 3.89</u>	A
((2.10 to 2.49)) <u>2.90 to 3.39</u>	B
((1.60 to 2.09)) <u>2.40 to 2.89</u>	C
((1.10 to 1.59)) <u>1.90 to 2.39</u>	D
((0.60 to 1.09)) <u>1.40 to 1.89</u>	E
Less than ((0.60)) <u>1.40</u>	F

28
 29 (3) An array shall be prepared, listing all qualified
 30 employers in ascending order of their benefit ratios. The array
 31 shall show for each qualified employer: (a) Identification number;
 32 (b) benefit ratio; (c) taxable payrolls for the four calendar
 33 quarters immediately preceding the computation date and reported to
 34 the department by the cut-off date; (d) a cumulative total of
 35 taxable payrolls consisting of the employer's taxable payroll plus

1 the taxable payrolls of all other employers preceding him or her in
 2 the array; and (e) the percentage equivalent of the cumulative
 3 total of taxable payrolls.

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

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

Percent of			Schedule of Contribution Rates								
Cumulative			for Effective Tax Schedule								
Taxable Payrolls											
Rate											
From	To	Class	AA	A	B	C	D	E	F		
0.00	5.00	1	0.36	0.36	0.46	0.86	1.36	1.76	2.36		
5.01	10.00	2	0.36	0.36	0.66	1.06	1.56	1.96	2.56		
10.01	15.00	3	0.46	0.46	0.86	1.26	1.66	2.16	2.76		
15.01	20.00	4	0.46	0.66	1.06	1.46	1.86	2.36	2.96		
20.01	25.00	5	0.66	0.86	1.26	1.66	2.06	2.56	3.06		
25.01	30.00	6	0.86	1.06	1.46	1.86	2.26	2.66	3.16		
30.01	35.00	7	0.96	1.26	1.66	2.06	2.46	2.86	3.26		
35.01	40.00	8	1.16	1.46	1.86	2.26	2.66	3.06	3.46		
40.01	45.00	9	1.36	1.66	2.06	2.46	2.86	3.26	3.66		
45.01	50.00	10	1.56	1.86	2.26	2.66	3.06	3.46	3.86		
50.01	55.00	11	1.86	2.16	2.46	2.86	3.26	3.66	3.96		
55.01	60.00	12	2.06	2.36	2.66	3.06	3.46	3.86	4.16		
60.01	65.00	13	2.26	2.56	2.86	3.26	3.66	4.06	4.36		
65.01	70.00	14	2.46	2.76	3.06	3.46	3.86	4.26	4.56		

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1	70.01	75.00	15	2.76	2.96	3.26	3.66	4.06	4.46	4.66
2	75.01	80.00	16	2.96	3.16	3.46	3.86	4.26	4.56	4.76
3	80.01	85.00	17	3.16	3.36	3.66	4.06	4.46	4.76	4.86
4	85.01	90.00	18	3.56	3.76	4.06	4.46	4.76	4.86	5.06
5	90.01	95.00	19	3.96	4.16	4.46	4.86	4.96	5.06	5.26
6	95.01	100.00	20	5.40	5.40	5.40	5.40	5.40	5.40	5.40

7

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

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

20 (b) The contribution rate for employers exempt as of December
21 31, 1989, who are newly covered under the section 78, chapter 380,
22 Laws of 1989 amendment to RCW 50.04.150 and not yet qualified to be
23 in the array shall be 2.5 percent for employers whose standard
24 industrial code is "013", "016", "017", "018", "019", "021", or
25 "081"; and

26 (c) For all other employers not qualified to be in the array,
27 the contribution rate shall be a rate equal to the average industry
28 rate as determined by the commissioner; however, the rate may not
29 be less than one percent. Assignment of employers by the
30 commissioner to industrial classification, for purposes of this
31 subsection, shall be in accordance with established classification
32 practices found in the "Standard Industrial Classification Manual"
33 issued by the federal office of management and budget to the third
34 digit provided in the Standard Industrial Classification code."

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1 On page 8, line 1, strike "January 1, 1998" and insert
2 "December 1, 1996"

3

4 On page 8, line 2, strike "1" and insert "2"

5

6 Correct the title.

EFFECT: The amendment changes the fund balance ratio intervals to provide for lower fund balance trigger intervals in schedules C through F (the trust fund balance would drop to lower amounts before the higher tax rates were triggered on). It then 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.