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SENATE BILL 6023

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State of Washington

55th Legislature

1997 Regular Session

By Senators Thibaudeau, Fraser and Kohl

Read first time 02/27/97. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to unemployment compensation coverage for members  
2 of boards of directors; amending RCW 50.04.165; and creating new  
3 sections.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** It is the intent of the legislature to  
6 provide taxation relief to those businesses or corporations that have  
7 been required to provide unemployment insurance coverage to members of  
8 their boards of directors.

9 **Sec. 2.** RCW 50.04.165 and 1993 c 290 s 2 are each amended to read  
10 as follows:

11 Services performed by a person appointed as an officer of a  
12 corporation under RCW 23B.08.400 or as a member of a board of directors  
13 under RCW 23B.08.010, other than those covered by chapter 50.44 RCW,  
14 shall not be considered services in employment. However, a corporation  
15 may elect to cover not less than all of its corporate officers or board  
16 of directors under RCW 50.24.160. If an employer does not elect to  
17 cover its corporate officers or board of directors under RCW 50.24.160,  
18 the employer must notify its corporate officers or board of directors

1 in writing that they are ineligible for unemployment benefits. If the  
2 employer fails to notify any corporate officer or board member, then  
3 that person shall not be considered to be a corporate officer or board  
4 member for the purposes of this section.

5 NEW SECTION. **Sec. 3.** If any part of this act is found to be in  
6 conflict with federal requirements that are a prescribed condition to  
7 the allocation of federal funds to the state or the eligibility of  
8 employers in this state for federal unemployment tax credits, the  
9 conflicting part of this act is inoperative solely to the extent of the  
10 conflict, and the finding or determination does not affect the  
11 operation of the remainder of this act. Rules adopted under this act  
12 must meet federal requirements that are a necessary condition to the  
13 receipt of federal funds by the state or the granting of federal  
14 unemployment tax credits to employers in this state.

15 NEW SECTION. **Sec. 4.** If any provision of this act or its  
16 application to any person or circumstance is held invalid, the  
17 remainder of the act or the application of the provision to other  
18 persons or circumstances is not affected.

19 NEW SECTION. **Sec. 5.** This act applies retroactively to all  
20 administrative tax claims currently pending before the employment  
21 security department for claims incurred after March 1, 1992, regarding  
22 unemployment insurance coverage of members of boards of directors.

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