
HOUSE BILL 1948

State of Washington 56th Legislature 1999 Regular Session

By Representatives Huff, Conway, Crouse, Hurst, McIntire, Sullivan, O'Brien, Constantine, Benson, Ballasiotes, Cody, Voloria and Kenney

Read first time 02/11/1999. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to financing unemployment insurance; amending RCW
2 50.29.020 and 50.29.025; creating a new section; repealing RCW
3 50.20.015; and providing an effective date.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that the unemployment
6 insurance experience rating system has produced inequities in the way
7 that unemployment insurance is financed. The legislature further finds
8 that changes in the system are needed to reduce socialized cost and to
9 distribute more equitably among employers the tax burden of
10 unemployment insurance.

11 **Sec. 2.** RCW 50.29.020 and 1995 c 57 s 3 are each amended to read
12 as follows:

13 (1) An experience rating account shall be established and
14 maintained for each employer, except employers as described in RCW
15 50.44.010 and 50.44.030 who have properly elected to make payments in
16 lieu of contributions, taxable local government employers as described
17 in RCW 50.44.035, and those employers who are required to make payments
18 in lieu of contributions, based on existing records of the employment

1 security department. Benefits paid to any eligible individuals shall
2 be charged to the experience rating accounts of each of such
3 individual's employers during the individual's base year in the same
4 ratio that the wages paid by each employer to the individual during the
5 base year bear to the wages paid by all employers to that individual
6 during that base year, except as otherwise provided in this section.

7 (2) The legislature finds that certain benefit payments, in whole
8 or in part, should not be charged to the experience rating accounts of
9 employers except those employers described in RCW 50.44.010 and
10 50.44.030 who have properly elected to make payments in lieu of
11 contributions, taxable local government employers described in RCW
12 50.44.035, and those employers who are required to make payments in
13 lieu of contributions, as follows:

14 (a) Benefits paid to any individuals later determined to be
15 ineligible shall not be charged to the experience rating account of any
16 contribution paying employer.

17 (b) Benefits paid to an individual filing under the provisions of
18 chapter 50.06 RCW shall not be charged to the experience rating account
19 of any contribution paying employer only if:

20 (i) The individual files under RCW 50.06.020(1) after receiving
21 crime victims' compensation for a disability resulting from a nonwork-
22 related occurrence; or

23 (ii) The individual files under RCW 50.06.020(2).

24 (c) Benefits paid which represent the state's share of benefits
25 payable under chapter 50.22 RCW shall not be charged to the experience
26 rating account of any contribution paying employer.

27 (d) In the case of individuals who requalify for benefits under RCW
28 50.20.050 or 50.20.060, benefits based on wage credits earned prior to
29 the disqualifying separation shall not be charged to the experience
30 rating account of the contribution paying employer from whom that
31 separation took place.

32 ~~((e) In the case of individuals identified under RCW 50.20.015,~~
33 ~~benefits paid with respect to a calendar quarter, which exceed the~~
34 ~~total amount of wages earned in the state of Washington in the higher~~
35 ~~of two corresponding calendar quarters included within the individual's~~
36 ~~determination period, as defined in RCW 50.20.015, shall not be charged~~
37 ~~to the experience rating account of any contribution paying employer.))~~

38 (3)(a) Beginning July 1, 1985, a contribution-paying base year
39 employer, not otherwise eligible for relief of charges for benefits

1 under this section, may receive such relief if the benefit charges
2 result from payment to an individual who:

3 (i) Last left the employ of such employer voluntarily for reasons
4 not attributable to the employer;

5 (ii) Was discharged for misconduct connected with his or her work
6 not a result of inability to meet the minimum job requirements;

7 (iii) Is unemployed as a result of closure or severe curtailment of
8 operation at the employer's plant, building, work site, or other
9 facility. This closure must be for reasons directly attributable to a
10 catastrophic occurrence such as fire, flood, or other natural disaster;
11 or

12 (iv) Continues to be employed on a regularly scheduled permanent
13 part-time basis by a base year employer and who at some time during the
14 base year was concurrently employed and subsequently separated from at
15 least one other base year employer. Benefit charge relief ceases when
16 the employment relationship between the employer requesting relief and
17 the claimant is terminated. This subsection does not apply to shared
18 work employers under chapter 50.60 RCW.

19 (b) The employer requesting relief of charges under this subsection
20 must request relief in writing within thirty days following mailing to
21 the last known address of the notification of the valid initial
22 determination of such claim, stating the date and reason for the
23 separation or the circumstances of continued employment. The
24 commissioner, upon investigation of the request, shall determine
25 whether relief should be granted.

26 **Sec. 3.** RCW 50.29.025 and 1995 c 4 s 2 are each amended to read as
27 follows:

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

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

1 (2) The interval of the fund balance ratio, expressed as a
2 percentage, shall determine which tax schedule in subsection (5) of
3 this section shall be in effect for assigning tax rates for the rate
4 year. The intervals for determining the effective tax schedule shall
5 be:

6	Interval of the	
7	Fund Balance Ratio	Effective
8	Expressed as a Percentage	Tax Schedule
9	2.90 and above	AA
10	2.50 to 2.89	A
11	2.10 to 2.49	B
12	1.70 to 2.09	C
13	1.30 to 1.69	D
14	1.00 to 1.29	E
15	Less than 1.00	F

16 (3) An array shall be prepared, listing all qualified employers in
17 ascending order of their benefit ratios. The array shall show for each
18 qualified employer: (a) Identification number; (b) benefit ratio; (c)
19 taxable payrolls for the four calendar quarters immediately preceding
20 the computation date and reported to the department by the cut-off
21 date; (d) a cumulative total of taxable payrolls consisting of the
22 employer's taxable payroll plus the taxable payrolls of all other
23 employers preceding him or her in the array; and (e) the percentage
24 equivalent of the cumulative total of taxable payrolls.

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

32 (5)(a) Subject to subsection (b) of this section, the contribution
33 rate for each employer in the array shall be the rate specified in the
34 following tables for the rate class to which he or she has been
35 assigned, as determined under subsection (4) of this section, within
36 the tax schedule which is to be in effect during the rate year:

Percent of
 Cumulative Schedules of Contributions 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	0.48	0.58	0.98	1.48	1.88	2.48
5.01	10.00	2	0.48	0.48	0.78	1.18	1.68	2.08	2.68
10.01	15.00	3	0.58	0.58	0.98	1.38	1.78	2.28	2.88
15.01	20.00	4	0.58	0.78	1.18	1.58	1.98	2.48	3.08
20.01	25.00	5	0.78	0.98	1.38	1.78	2.18	2.68	3.18
25.01	30.00	6	0.98	1.18	1.58	1.98	2.38	2.78	3.28
30.01	35.00	7	1.08	1.38	1.78	2.18	2.58	2.98	3.38
35.01	40.00	8	1.28	1.58	1.98	2.38	2.78	3.18	3.58
40.01	45.00	9	1.48	1.78	2.18	2.58	2.98	3.38	3.78
45.01	50.00	10	1.68	1.98	2.38	2.78	3.18	3.58	3.98
50.01	55.00	11	1.98	2.28	2.58	2.98	3.38	3.78	4.08
55.01	60.00	12	2.18	2.48	2.78	3.18	3.58	3.98	4.28
60.01	65.00	13	2.38	2.68	2.98	3.38	3.78	4.18	4.48
65.01	70.00	14	2.58	2.88	3.18	3.58	3.98	4.38	4.68
70.01	75.00	15	2.88	3.08	3.38	3.78	4.18	4.58	4.78
75.01	80.00	16	3.08	3.28	3.58	3.98	4.38	4.68	4.88
80.01	85.00	17	3.28	3.48	3.78	4.18	4.58	4.88	4.98
85.01	90.00	18	3.68	3.88	4.18	4.58	4.88	4.98	5.18
90.01	95.00	19	4.08	4.28	4.58	4.98	5.08	5.18	5.38
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
0.00	5.00	1	0.48	0.48	0.58	0.82	1.32	1.72	2.31
5.01	10.00	2	0.48	0.48	0.78	1.02	1.52	1.92	2.51
10.01	15.00	3	0.58	0.58	0.89	1.22	1.62	2.12	2.71
15.01	20.00	4	0.58	0.68	0.98	1.42	1.82	2.32	2.91
20.01	25.00	5	0.73	0.78	1.00	1.52	1.92	2.42	2.91
25.01	30.00	6	0.86	0.90	1.12	1.72	2.12	2.52	3.01
30.01	35.00	7	0.94	1.00	1.18	1.92	2.32	2.72	3.11
35.01	40.00	8	1.09	1.18	1.25	2.12	2.52	2.92	3.31
40.01	45.00	9	1.25	1.28	1.41	2.32	2.72	3.12	3.51
45.01	50.00	10	1.45	1.48	1.61	2.52	2.92	3.32	3.71
50.01	55.00	11	1.69	1.78	1.85	2.72	3.12	3.52	3.81
55.01	60.00	12	1.97	2.08	2.13	2.92	3.32	3.72	4.01
60.01	65.00	13	2.24	2.28	2.40	3.12	3.52	3.92	4.21
65.01	70.00	14	2.44	2.68	2.77	3.32	3.72	4.12	4.41
70.01	75.00	15	2.74	2.98	3.06	3.52	3.92	4.32	4.51
75.01	80.00	16	3.04	3.18	3.55	3.95	4.38	4.68	4.88
80.01	85.00	17	3.25	3.48	3.75	4.18	4.58	4.88	4.98
85.01	90.00	18	3.68	3.90	4.18	4.58	4.88	4.98	5.18

1 90.01 95.00 19 5.02 5.22 5.38 5.48 5.58 5.68 5.78
2 95.01 100.00 20 6.25 7.80 8.25 8.35 8.45 8.55 8.65

3 (b) The maximum contribution rate for employers whose standard
4 industrial code is within major group one of the Standard Industrial
5 Classification Manual, or the equivalent code in a successor
6 classification system as determined by the commissioner, may not exceed
7 five and four-tenths percent.

8 (6) The contribution rate for each employer not qualified to be in
9 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 be
12 assigned the contribution rate of five and six-tenths percent, except
13 employers who have an approved agency-deferred payment contract by
14 September 30 of the previous rate year. If any employer with an
15 approved agency-deferred payment contract fails to make any one of the
16 succeeding deferred payments or fails to submit any succeeding tax
17 report and payment in a timely manner, the employer's tax rate shall
18 immediately revert to five and six-tenths percent for the current rate
19 year;

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

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

34 NEW SECTION. Sec. 4. RCW 50.20.015 and 1986 c 106 s 1, 1985 c
35 285 s 3, & 1984 c 205 s 9 are each repealed.

1 NEW SECTION. **Sec. 5.** This act takes effect January 1, 2000, and
2 applies to rate years beginning on and after January 1, 2000.

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