

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 3077**

56th Legislature  
2000 Regular Session

Passed by the House January 28, 2000  
Yeas 96 Nays 1

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**Speaker of the House of Representatives**

\_\_\_\_\_  
**Speaker of the House of Representatives**

Passed by the Senate February 1, 2000  
Yeas 48 Nays 0

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**President of the Senate**

Approved

\_\_\_\_\_  
Governor of the State of Washington

CERTIFICATE

We, Timothy A. Martin and Cynthia Zehnder, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 3077** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 3077**

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Passed Legislature - 2000 Regular Session

**State of Washington**

**56th Legislature**

**2000 Regular Session**

**By** House Committee on Commerce & Labor (originally sponsored by Representatives Conway, Clements, Thomas, Wensman, Reardon, Radcliff, Cairnes, Morris, Constantine, Stensen, Wood, Schual-Berke, Cooper, Anderson, Santos, Lovick, Kenney, Regala, Keiser, Rockefeller, Dunn, Mulliken, Carlson, O'Brien, Gombosky, Grant, Eickmeyer, Kessler, Edwards, Edmonds, Miloscia, Fisher, Linville, Koster, Ballasiotes, Pflug, D. Sommers, Campbell, D. Schmidt, Murray, Hatfield, Ogden, Hurst, Dunshee, Haigh, Tokuda, Woods, Barlean, G. Chandler, Fortunato, Boldt, Mielke, McDonald, Cody, Voloria, Scott, McIntire, Esser, Alexander, Bush, Sullivan, Lantz, Ericksen, Talcott, Buck, Dickerson, Ruderman, Wolfe, Schoesler and Kagi)

Read first time 01/27/2000. Referred to Committee on .

1       AN ACT Relating to unemployment insurance; amending RCW 50.04.355,  
2 50.24.010, 50.29.020, 50.29.025, 50.29.026, 50.20.050, 50.20.060, and  
3 50.20.080; reenacting and amending RCW 50.24.014; adding new sections  
4 to chapter 50.22 RCW; adding a new section to chapter 50.20 RCW;  
5 creating new sections; providing an expiration date; and declaring an  
6 emergency.

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

8       **Sec. 1.** RCW 50.04.355 and 1977 ex.s. c 33 s 2 are each amended to  
9 read as follows:

10       On or before the fifteenth day of June of each year, an "average  
11 annual wage", an "average weekly wage", and an "average annual wage for  
12 contributions purposes" shall be computed from information for the  
13 specified preceding calendar years including corrections thereof  
14 reported within three months after the close of (~~that~~) the final year  
15 of the specified years by all employers as defined in RCW 50.04.080.

16       (1) The "average annual wage" is the quotient derived by dividing  
17 the total remuneration reported by all employers for the preceding  
18 calendar year by the average number of workers reported for all months  
19 of the preceding calendar year and if the result is not a multiple of

1 one dollar, rounding the result to the next lower multiple of one  
2 dollar.

3 (2) The "average weekly wage" is the quotient derived by dividing  
4 the "average annual wage" ((thus)) obtained ((shall be divided)) under  
5 (1) of this subsection by fifty-two and if the result is not a multiple  
6 of one dollar, rounding the result to the next lower multiple of one  
7 dollar ((to determine the "average weekly wage"))).

8 (3) The "average annual wage((<sup>#</sup>)) for contribution purposes" is the  
9 quotient derived by dividing by three the total remuneration reported  
10 by all employers subject to contributions for the preceding three  
11 consecutive calendar years and dividing this amount by the average  
12 number of workers reported for all months of these three years by these  
13 same employers and if the result is not a multiple of one dollar,  
14 rounding the result to the next lower multiple of one dollar.

15 **Sec. 2.** RCW 50.24.010 and 1984 c 205 s 2 are each amended to read  
16 as follows:

17 Contributions shall accrue and become payable by each employer  
18 (except employers as described in RCW 50.44.010 who have properly  
19 elected to make payments in lieu of contributions and those employers  
20 who are required to make payments in lieu of contributions) for each  
21 calendar year in which the employer is subject to this title at the  
22 rate established pursuant to chapter 50.29 RCW.

23 In each rate year, the amount of wages subject to tax for each  
24 individual shall be one hundred fifteen percent of the amount of wages  
25 subject to tax for the previous year rounded to the next lower one  
26 hundred dollars(~~(÷ PROVIDED)~~), except that the amount of wages subject  
27 to tax in any rate year shall not exceed eighty percent of the "average  
28 annual wage for contributions purposes" for the second preceding  
29 calendar year rounded to the next lower one hundred dollars(~~(÷~~  
30 PROVIDED FURTHER, That)). However, the amount subject to tax shall be  
31 ((twelve)) twenty-four thousand three hundred dollars for rate year  
32 ((1984 and ten thousand dollars for rate year 1985)) 2000.

33 In making computations under this section and RCW 50.29.010, wages  
34 paid based on services for employers making payments in lieu of  
35 contributions shall not be considered remuneration. Moneys paid from  
36 the fund, based on services performed for employers who make payments  
37 in lieu of contributions, which have not been reimbursed to the fund as  
38 of any June 30 shall be deemed an asset of the unemployment

1 compensation fund, to the extent that such moneys exceed the amount of  
2 payments in lieu of contributions which the commissioner has previously  
3 determined to be uncollectible: PROVIDED, FURTHER, That the amount  
4 attributable to employment with the state shall also include interest  
5 as provided for in RCW 50.44.020.

6 Contributions shall become due and be paid by each employer to the  
7 treasurer for the unemployment compensation fund in accordance with  
8 such regulations as the commissioner may prescribe, and shall not be  
9 deducted, in whole or in part, from the remuneration of individuals in  
10 employment of the employer. Any deduction in violation of the  
11 provisions of this section shall be unlawful.

12 In the payment of any contributions, a fractional part of a cent  
13 shall be disregarded unless it amounts to one-half cent or more, in  
14 which case it shall be increased to one cent.

15 **Sec. 3.** RCW 50.29.020 and 1995 c 57 s 3 are each amended to read  
16 as follows:

17 (1) An experience rating account shall be established and  
18 maintained for each employer, except employers as described in RCW  
19 50.44.010 and 50.44.030 who have properly elected to make payments in  
20 lieu of contributions, taxable local government employers as described  
21 in RCW 50.44.035, and those employers who are required to make payments  
22 in lieu of contributions, based on existing records of the employment  
23 security department. Benefits paid to any eligible individuals shall  
24 be charged to the experience rating accounts of each of such  
25 individual's employers during the individual's base year in the same  
26 ratio that the wages paid by each employer to the individual during the  
27 base year bear to the wages paid by all employers to that individual  
28 during that base year, except as otherwise provided in this section.

29 (2) The legislature finds that certain benefit payments, in whole  
30 or in part, should not be charged to the experience rating accounts of  
31 employers except those employers described in RCW 50.44.010 and  
32 50.44.030 who have properly elected to make payments in lieu of  
33 contributions, taxable local government employers described in RCW  
34 50.44.035, and those employers who are required to make payments in  
35 lieu of contributions, as follows:

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

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

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

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

8 (c) Benefits paid which represent the state's share of benefits  
9 payable as extended benefits defined under (~~chapter 50.22~~) RCW  
10 50.22.010(6) shall not be charged to the experience rating account of  
11 any contribution paying employer.

12 (d) In the case of individuals who requalify for benefits under RCW  
13 50.20.050 or 50.20.060, benefits based on wage credits earned prior to  
14 the disqualifying separation shall not be charged to the experience  
15 rating account of the contribution paying employer from whom that  
16 separation took place.

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

23 (f) Benefits paid under section 8 of this act shall not be charged  
24 to the experience rating account of any contribution paying employer.

25 (3)(a) (~~Beginning July 1, 1985,~~) A contribution-paying base year  
26 employer, not otherwise eligible for relief of charges for benefits  
27 under this section, may receive such relief if the benefit charges  
28 result from payment to an individual who:

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

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

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

38 (iv) Continues to be employed on a regularly scheduled permanent  
39 part-time basis by a base year employer and who at some time during the

1 base year was concurrently employed and subsequently separated from at  
2 least one other base year employer. Benefit charge relief ceases when  
3 the employment relationship between the employer requesting relief and  
4 the claimant is terminated. This subsection does not apply to shared  
5 work employers under chapter 50.60 RCW.

6 (b) The employer requesting relief of charges under this subsection  
7 must request relief in writing within thirty days following mailing to  
8 the last known address of the notification of the valid initial  
9 determination of such claim, stating the date and reason for the  
10 separation or the circumstances of continued employment. The  
11 commissioner, upon investigation of the request, shall determine  
12 whether relief should be granted.

13 **Sec. 4.** RCW 50.29.025 and 1995 c 4 s 2 are each amended to read as  
14 follows:

15 The contribution rate for each employer subject to contributions  
16 under RCW 50.24.010 shall be determined under this section.

17 (1) A fund balance ratio shall be determined by dividing the  
18 balance in the unemployment compensation fund as of the ((June))  
19 September 30th immediately preceding the rate year by the total  
20 remuneration paid by all employers subject to contributions during the  
21 second calendar year preceding the rate year and reported to the  
22 department by the following March 31st. The division shall be carried  
23 to the fourth decimal place with the remaining fraction, if any,  
24 disregarded. The fund balance ratio shall be expressed as a  
25 percentage.

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

31 Interval of the		
32 Fund Balance Ratio		Effective
33 Expressed as a Percentage		Tax Schedule
34 2.90 and above		AA
35 ((2.50)) <u>2.10</u> to 2.89		A
36 ((2.10 to 2.49)) <u>1.70</u> to 2.09		B
37 ((1.70 to 2.09)) <u>1.40</u> to 1.69		C

1	<del>((1.30 to 1.69))</del> <u>1.00 to 1.39</u>	D
2	<del>((1.00 to 1.29))</del> <u>0.70 to 0.99</u>	E
3	Less than <del>((1.00))</del> <u>0.70</u>	F

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

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

20 (5) Except as provided in RCW 50.29.026, the contribution rate for  
21 each employer in the array shall be the rate specified in the following  
22 tables for the rate class to which he or she has been assigned, as  
23 determined under subsection (4) of this section, within the tax  
24 schedule which is to be in effect during the rate year:

25	Percent of										
26	Cumulative			Schedules of Contributions Rates							
27	Taxable Payrolls			for Effective Tax Schedule							
28	((Rate										
29	From	To	Class	AA	A	B	C	D	E	F	
30	0.00	5.00	1	0.48	0.48	0.58	0.98	1.48	1.88	2.48	
31	5.01	10.00	2	0.48	0.48	0.78	1.18	1.68	2.08	2.68	
32	10.01	15.00	3	0.58	0.58	0.98	1.38	1.78	2.28	2.88	
33	15.01	20.00	4	0.58	0.78	1.18	1.58	1.98	2.48	3.08	
34	20.01	25.00	5	0.78	0.98	1.38	1.78	2.18	2.68	3.18	
35	25.01	30.00	6	0.98	1.18	1.58	1.98	2.38	2.78	3.28	
36	30.01	35.00	7	1.08	1.38	1.78	2.18	2.58	2.98	3.38	
37	35.01	40.00	8	1.28	1.58	1.98	2.38	2.78	3.18	3.58	
38	40.01	45.00	9	1.48	1.78	2.18	2.58	2.98	3.38	3.78	
39	45.01	50.00	10	1.68	1.98	2.38	2.78	3.18	3.58	3.98	

1	<del>50.01</del>	<del>55.00</del>	<del>11</del>	<del>1.98</del>	<del>2.28</del>	<del>2.58</del>	<del>2.98</del>	<del>3.38</del>	<del>3.78</del>	<del>4.08</del>
2	<del>55.01</del>	<del>60.00</del>	<del>12</del>	<del>2.18</del>	<del>2.48</del>	<del>2.78</del>	<del>3.18</del>	<del>3.58</del>	<del>3.98</del>	<del>4.28</del>
3	<del>60.01</del>	<del>65.00</del>	<del>13</del>	<del>2.38</del>	<del>2.68</del>	<del>2.98</del>	<del>3.38</del>	<del>3.78</del>	<del>4.18</del>	<del>4.48</del>
4	<del>65.01</del>	<del>70.00</del>	<del>14</del>	<del>2.58</del>	<del>2.88</del>	<del>3.18</del>	<del>3.58</del>	<del>3.98</del>	<del>4.38</del>	<del>4.68</del>
5	<del>70.01</del>	<del>75.00</del>	<del>15</del>	<del>2.88</del>	<del>3.08</del>	<del>3.38</del>	<del>3.78</del>	<del>4.18</del>	<del>4.58</del>	<del>4.78</del>
6	<del>75.01</del>	<del>80.00</del>	<del>16</del>	<del>3.08</del>	<del>3.28</del>	<del>3.58</del>	<del>3.98</del>	<del>4.38</del>	<del>4.68</del>	<del>4.88</del>
7	<del>80.01</del>	<del>85.00</del>	<del>17</del>	<del>3.28</del>	<del>3.48</del>	<del>3.78</del>	<del>4.18</del>	<del>4.58</del>	<del>4.88</del>	<del>4.98</del>
8	<del>85.01</del>	<del>90.00</del>	<del>18</del>	<del>3.68</del>	<del>3.88</del>	<del>4.18</del>	<del>4.58</del>	<del>4.88</del>	<del>4.98</del>	<del>5.18</del>
9	<del>90.01</del>	<del>95.00</del>	<del>19</del>	<del>4.08</del>	<del>4.28</del>	<del>4.58</del>	<del>4.98</del>	<del>5.08</del>	<del>5.18</del>	<del>5.38</del>
10	<del>95.01</del>	<del>100.00</del>	<del>20</del>	<del>5.40</del>	<del>5.40</del>	<del>5.40</del>	<del>5.40</del>	<del>5.40</del>	<del>5.40</del>	<del>5.40))</del>

11			<u>Rate</u>							
12	<u>From</u>	<u>To</u>	<u>Class</u>	<u>AA</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
13	<u>0.00</u>	<u>5.00</u>	<u>1</u>	<u>0.47</u>	<u>0.47</u>	<u>0.57</u>	<u>0.97</u>	<u>1.47</u>	<u>1.87</u>	<u>2.47</u>
14	<u>5.01</u>	<u>10.00</u>	<u>2</u>	<u>0.47</u>	<u>0.47</u>	<u>0.77</u>	<u>1.17</u>	<u>1.67</u>	<u>2.07</u>	<u>2.67</u>
15	<u>10.01</u>	<u>15.00</u>	<u>3</u>	<u>0.57</u>	<u>0.57</u>	<u>0.97</u>	<u>1.37</u>	<u>1.77</u>	<u>2.27</u>	<u>2.87</u>
16	<u>15.01</u>	<u>20.00</u>	<u>4</u>	<u>0.57</u>	<u>0.73</u>	<u>1.11</u>	<u>1.51</u>	<u>1.90</u>	<u>2.40</u>	<u>2.98</u>
17	<u>20.01</u>	<u>25.00</u>	<u>5</u>	<u>0.72</u>	<u>0.92</u>	<u>1.30</u>	<u>1.70</u>	<u>2.09</u>	<u>2.59</u>	<u>3.08</u>
18	<u>25.01</u>	<u>30.00</u>	<u>6</u>	<u>0.91</u>	<u>1.11</u>	<u>1.49</u>	<u>1.89</u>	<u>2.29</u>	<u>2.69</u>	<u>3.18</u>
19	<u>30.01</u>	<u>35.00</u>	<u>7</u>	<u>1.00</u>	<u>1.29</u>	<u>1.69</u>	<u>2.08</u>	<u>2.48</u>	<u>2.88</u>	<u>3.27</u>
20	<u>35.01</u>	<u>40.00</u>	<u>8</u>	<u>1.19</u>	<u>1.48</u>	<u>1.88</u>	<u>2.27</u>	<u>2.67</u>	<u>3.07</u>	<u>3.47</u>
21	<u>40.01</u>	<u>45.00</u>	<u>9</u>	<u>1.37</u>	<u>1.67</u>	<u>2.07</u>	<u>2.47</u>	<u>2.87</u>	<u>3.27</u>	<u>3.66</u>
22	<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>
23	<u>50.01</u>	<u>55.00</u>	<u>11</u>	<u>1.84</u>	<u>2.14</u>	<u>2.45</u>	<u>2.85</u>	<u>3.25</u>	<u>3.66</u>	<u>3.95</u>
24	<u>55.01</u>	<u>60.00</u>	<u>12</u>	<u>2.03</u>	<u>2.33</u>	<u>2.64</u>	<u>3.04</u>	<u>3.44</u>	<u>3.85</u>	<u>4.15</u>
25	<u>60.01</u>	<u>65.00</u>	<u>13</u>	<u>2.22</u>	<u>2.52</u>	<u>2.83</u>	<u>3.23</u>	<u>3.64</u>	<u>4.04</u>	<u>4.34</u>
26	<u>65.01</u>	<u>70.00</u>	<u>14</u>	<u>2.40</u>	<u>2.71</u>	<u>3.02</u>	<u>3.43</u>	<u>3.83</u>	<u>4.24</u>	<u>4.54</u>
27	<u>70.01</u>	<u>75.00</u>	<u>15</u>	<u>2.68</u>	<u>2.90</u>	<u>3.21</u>	<u>3.62</u>	<u>4.02</u>	<u>4.43</u>	<u>4.63</u>
28	<u>75.01</u>	<u>80.00</u>	<u>16</u>	<u>2.87</u>	<u>3.09</u>	<u>3.69</u>	<u>3.81</u>	<u>4.22</u>	<u>4.53</u>	<u>4.73</u>
29	<u>80.01</u>	<u>85.00</u>	<u>17</u>	<u>3.27</u>	<u>3.47</u>	<u>3.77</u>	<u>4.17</u>	<u>4.57</u>	<u>4.87</u>	<u>4.97</u>
30	<u>85.01</u>	<u>90.00</u>	<u>18</u>	<u>3.67</u>	<u>3.87</u>	<u>4.17</u>	<u>4.57</u>	<u>4.87</u>	<u>4.97</u>	<u>5.17</u>
31	<u>90.01</u>	<u>95.00</u>	<u>19</u>	<u>4.07</u>	<u>4.27</u>	<u>4.57</u>	<u>4.97</u>	<u>5.07</u>	<u>5.17</u>	<u>5.37</u>
32	<u>95.01</u>	<u>100.00</u>	<u>20</u>	<u>5.40</u>	<u>5.40</u>	<u>5.40</u>	<u>5.40</u>	<u>5.40</u>	<u>5.40</u>	<u>5.40</u>

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

35 (a) Employers who do not meet the definition of "qualified  
36 employer" by reason of failure to pay contributions when due shall be  
37 assigned ((the)) a contribution rate ((of five and six-tenths percent))  
38 two-tenths higher than that in rate class 20 for the applicable rate  
39 year, except employers who have an approved agency-deferred payment  
40 contract by September 30 of the previous rate year. If any employer  
41 with an approved agency-deferred payment contract fails to make any one  
42 of the succeeding deferred payments or fails to submit any succeeding  
43 tax report and payment in a timely manner, the employer's tax rate



1 shall immediately revert to (~~five and six-tenths percent for the~~  
2 ~~current~~) a contribution rate two-tenths higher than that in rate class  
3 20 for the applicable rate year; and

4 (b) (~~The contribution rate for employers exempt as of December 31,~~  
5 ~~1989, who are newly covered under the section 78, chapter 380, Laws of~~  
6 ~~1989 amendment to RCW 50.04.150 and not yet qualified to be in the~~  
7 ~~array shall be 2.5 percent for employers whose standard industrial code~~  
8 ~~is "013", "016", "017", "018", "019", "021", or "081"; and~~

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

19 **Sec. 5.** RCW 50.29.026 and 1995 c 322 s 1 are each amended to read  
20 as follows:

21 (1) Beginning with contributions assessed for rate year 1996, a  
22 qualified employer's contribution rate determined under RCW 50.29.025  
23 may be modified as follows:

24 (a) Subject to the limitations of this subsection, an employer may  
25 make a voluntary contribution of an amount equal to part or all of the  
26 benefits charged to the employer's account during the two years most  
27 recently ended on June 30th that were used for the purpose of computing  
28 the employer's contribution rate. On receiving timely payment of a  
29 voluntary contribution, plus a surcharge of ten percent of the amount  
30 of the voluntary contribution, the commissioner shall cancel the  
31 benefits equal to the amount of the voluntary contribution, excluding  
32 the surcharge, and compute a new benefit ratio for the employer. The  
33 employer shall then be assigned the contribution rate applicable to the  
34 rate class within which the recomputed benefit ratio is included. The  
35 minimum amount of a voluntary contribution, excluding the surcharge,  
36 must be an amount that will result in a recomputed benefit ratio that  
37 is in a rate class at least two rate classes lower than the rate class  
38 that included the employer's original benefit ratio.

1 (b) Payment of a voluntary contribution is considered timely if  
2 received by the department during the period beginning on the date of  
3 mailing to the employer the notice of contribution rate required under  
4 this title for the rate year for which the employer is seeking a  
5 modification of his or her contribution rate and ending on February  
6 15th of that rate year or, for voluntary contributions for rate year  
7 2000, ending on March 31, 2000.

8 (c) A benefit ratio may not be recomputed nor a contribution rate  
9 be reduced under this section as a result of a voluntary contribution  
10 received after the payment period prescribed in (b) of this subsection.

11 (2) This section does not apply to any employer who has not had an  
12 increase of at least six rate classes from the previous tax rate year.

13 NEW SECTION. **Sec. 6.** A new section is added to chapter 50.22 RCW  
14 to read as follows:

15 It is the intent of the legislature that a training benefits  
16 program be established to provide unemployment insurance benefits to  
17 unemployed individuals who participate in training programs necessary  
18 for their reemployment.

19 The legislature further intends that this program serve the  
20 following goals:

21 (1) Retraining should be available for those unemployed individuals  
22 whose skills are no longer in demand;

23 (2) To be eligible for retraining, an individual must have a long-  
24 term attachment to the labor force;

25 (3) Training must enhance the individual's marketable skills and  
26 earning power; and

27 (4) Retraining must be targeted to those industries or skills that  
28 are in high demand within the labor market.

29 Individuals unemployed as a result of structural changes in the  
30 economy and technological advances rendering their skills obsolete must  
31 receive the highest priority for participation in this program. It is  
32 the further intent of the legislature that individuals for whom  
33 suitable employment is available are not eligible for additional  
34 benefits while participating in training.

35 The legislature further intends that funding for this program be  
36 limited by a specified maximum amount each fiscal year.

1        NEW SECTION.    **Sec. 7.**    A new section is added to chapter 50.22 RCW  
2 to read as follows:

3        The employment security department is authorized to pay training  
4 benefits under section 8 of this act, but may not obligate expenditures  
5 beyond the limits specified in this section or as otherwise set by the  
6 legislature.    Beginning with expenditures for the fiscal year ending  
7 June 30, 2000, and including expenditures for the fiscal biennium  
8 ending June 30, 2002, the commissioner may not obligate more than sixty  
9 million dollars for training benefits.    Any funds not obligated in one  
10 fiscal year may be carried forward to the next fiscal year.    For each  
11 fiscal year beginning after June 30, 2002, the commissioner may not  
12 obligate more than twenty million dollars annually in addition to any  
13 funds carried over from previous fiscal years.    The department shall  
14 develop a process to ensure that expenditures do not exceed available  
15 funds and to prioritize access to funds when again available.

16        NEW SECTION.    **Sec. 8.**    A new section is added to chapter 50.22 RCW  
17 to read as follows:

18        (1) Subject to availability of funds, training benefits are  
19 available for an individual who is eligible for or has exhausted  
20 entitlement to unemployment compensation benefits and who:

21        (a) Is a dislocated worker as defined in RCW 50.04.075;

22        (b) Except as provided under subsection (2) of this section, has  
23 demonstrated, through a work history, sufficient tenure in an  
24 occupation or in work with a particular skill set.    This screening will  
25 take place during the assessment process;

26        (c) Is, after assessment of demand for the individual's occupation  
27 or skills in the individual's labor market, determined to need job-  
28 related training to find suitable employment in his or her labor  
29 market.    Beginning July 1, 2001, the assessment of demand for the  
30 individual's occupation or skill sets must be substantially based on  
31 declining occupation or skill sets identified in local labor market  
32 areas by the local work force development councils, in cooperation with  
33 the employment security department and its labor market information  
34 division, under subsection (9) of this section;

35        (d) Develops an individual training program that is submitted to  
36 the commissioner for approval within sixty days after the individual is  
37 notified by the employment security department of the requirements of  
38 this section;

1 (e) Enters the approved training program by ninety days after the  
2 date of the notification, unless the employment security department  
3 determines that the training is not available during the ninety-day  
4 period, in which case the individual enters training as soon as it is  
5 available; and

6 (f) Is enrolled in training approved under this section on a full-  
7 time basis as determined by the educational institution, and is making  
8 satisfactory progress in the training as certified by the educational  
9 institution.

10 (2) Until June 30, 2002, the following individuals who meet the  
11 requirements of subsection (1) of this section may, without regard to  
12 the tenure requirements under subsection (1)(b) of this section,  
13 receive training benefits as provided in this section:

14 (a) An exhaustee who has base year employment in the aerospace  
15 industry assigned the standard industrial classification code "372" or  
16 the North American industry classification system code "336411";

17 (b) An exhaustee who has base year employment in the forest  
18 products industry, determined by the department, but including the  
19 industries assigned the major group standard industrial classification  
20 codes "24" and "26" or any equivalent codes in the North American  
21 industry classification system code, and the industries involved in the  
22 harvesting and management of logs, transportation of logs and wood  
23 products, processing of wood products, and the manufacturing and  
24 distribution of wood processing and logging equipment; or

25 (c) An exhaustee who has base year employment in the fishing  
26 industry assigned the standard industrial classification code "0912" or  
27 any equivalent codes in the North American industry classification  
28 system code.

29 (3) An individual is not eligible for training benefits under this  
30 section if he or she:

31 (a) Is a standby claimant who expects recall to his or her regular  
32 employer;

33 (b) Has a definite recall date that is within six months of the  
34 date he or she is laid off; or

35 (c) Is unemployed due to a regular seasonal layoff which  
36 demonstrates a pattern of unemployment consistent with the provisions  
37 of RCW 50.20.015. Regular seasonal layoff does not include layoff due  
38 to permanent structural downsizing or structural changes in the  
39 individual's labor market.

1 (4) The definitions in this subsection apply throughout this  
2 section unless the context clearly requires otherwise.

3 (a) "Educational institution" means an institution of higher  
4 education as defined in RCW 28B.10.016 or an educational institution as  
5 defined in RCW 28C.04.410, including equivalent educational  
6 institutions in other states.

7 (b) "Sufficient tenure" means earning a plurality of wages in a  
8 particular occupation or using a particular skill set during the base  
9 year and at least two of the four twelve-month periods immediately  
10 preceding the base year.

11 (c) "Training benefits" means additional benefits paid under this  
12 section.

13 (d) "Training program" means:

14 (i) An education program determined to be necessary as a  
15 prerequisite to vocational training after counseling at the educational  
16 institution in which the individual enrolls under his or her approved  
17 training program; or

18 (ii) A vocational training program at an educational institution:

19 (A) That is targeted to training for a high demand occupation.  
20 Beginning July 1, 2001, the assessment of high demand occupations  
21 authorized for training under this section must be substantially based  
22 on labor market and employment information developed by local work  
23 force development councils, in cooperation with the employment security  
24 department and its labor market information division, under subsection  
25 (9) of this section;

26 (B) That is likely to enhance the individual's marketable skills  
27 and earning power; and

28 (C) That meets the criteria for performance developed by the work  
29 force training and education coordinating board for the purpose of  
30 determining those training programs eligible for funding under Title I  
31 of P.L. 105-220.

32 "Training program" does not include any course of education  
33 primarily intended to meet the requirements of a baccalaureate or  
34 higher degree, unless the training meets specific requirements for  
35 certification, licensing, or for specific skills necessary for the  
36 occupation.

37 (5) Benefits shall be paid as follows:

38 (a)(i) For exhaustees who are eligible under subsection (1) of this  
39 section, the total training benefit amount shall be fifty-two times the

1 individual's weekly benefit amount, reduced by the total amount of  
2 regular benefits and extended benefits paid, or deemed paid, with  
3 respect to the benefit year; or

4 (ii) For exhaustees who are eligible under subsection (2) of this  
5 section, the total training benefit amount shall be seventy-four times  
6 the individual's weekly benefit amount, reduced by the total amount of  
7 regular benefits and extended benefits paid, or deemed paid, with  
8 respect to the benefit year. Beginning with new claims filed after  
9 June 30, 2002, for exhaustees eligible under subsection (2) of this  
10 section, the total training benefit amount shall be fifty-two times the  
11 individual's weekly benefit amount, reduced by the total amount of  
12 regular benefits and extended benefits paid, or deemed paid, with  
13 respect to the benefit year.

14 (b) The weekly benefit amount shall be the same as the regular  
15 weekly amount payable during the applicable benefit year and shall be  
16 paid under the same terms and conditions as regular benefits. The  
17 training benefits shall be paid before any extended benefits but not  
18 before any similar federally funded program.

19 (c) Training benefits are not payable for weeks more than two years  
20 beyond the end of the benefit year of the regular claim.

21 (6) The requirement under RCW 50.22.010(10) relating to exhausting  
22 regular benefits does not apply to an individual otherwise eligible for  
23 training benefits under this section when the individual's benefit year  
24 ends before his or her training benefits are exhausted and the  
25 individual is eligible for a new benefit year. These individuals will  
26 have the option of remaining on the original claim or filing a new  
27 claim.

28 (7) Individuals who receive training benefits under this section or  
29 under any previous additional benefits program for training are not  
30 eligible for training benefits under this section for five years from  
31 the last receipt of training benefits under this section or under any  
32 previous additional benefits program for training.

33 (8) All base year employers are interested parties to the approval  
34 of training and the granting of training benefits.

35 (9) By July 1, 2001, each local work force development council, in  
36 cooperation with the employment security department and its labor  
37 market information division, must identify occupations and skill sets  
38 that are declining and occupations and skill sets that are in high  
39 demand. For the purposes of sections 6 through 9 of this act, "high

1 demand" means demand for employment that exceeds the supply of  
2 qualified workers for occupations or skill sets in a labor market area.  
3 Local work force development councils must use state and locally  
4 developed labor market information. Thereafter, each local work force  
5 development council shall update this information annually or more  
6 frequently if needed.

7 (10) The commissioner shall adopt rules as necessary to implement  
8 this section.

9 NEW SECTION. **Sec. 9.** (1) The work force training and education  
10 coordinating board, with the cooperation and assistance of the state  
11 board for community and technical colleges and the employment security  
12 department, shall review the participation in the training benefits  
13 program under section 8 of this act and report to the appropriate  
14 committees of the legislature by December 1, 2002, on the following:

15 (a) A demographic analysis of participants in the training benefits  
16 program under this section including the number of claimants per  
17 standard industrial classification code and the gender, race, age, and  
18 geographic representation of participants;

19 (b) The duration of training benefits claimed per claimant;

20 (c) An analysis of the training provided to participants including  
21 the occupational category supported by the training, those participants  
22 who complete training in relationship to those that do not, and the  
23 reasons for noncompletion of approved training programs;

24 (d) The employment and wage history of participants, including the  
25 pretraining and posttraining wage and whether those participating in  
26 training return to their previous employer after training terminates;

27 (e) The impact of training benefits paid from the unemployment  
28 compensation fund on employers' unemployment insurance contributions.  
29 The review shall include the impact by rate class, industry and  
30 business size, and overall impact; and

31 (f) An identification and analysis of administrative costs at both  
32 the local and state level for implementing this program.

33 (2) The employment security department shall collect the following  
34 information:

35 (a) The number of applicants disqualified for unemployment benefits  
36 under Title 50 RCW by disqualifying reason;

1 (b) The benefits costs resulting from claims in which the claimant  
2 requalifies under sections 12 through 14 of this act and the extent to  
3 which these costs are socialized;

4 (c) An analysis of the disqualification and requalification for  
5 benefits and the impact on claimants and employers; and

6 (d) An analysis of RCW 50.20.050(2)(c), including demographics of  
7 affected claimants and employers.

8 (3) Any demographic information collected under this section will  
9 be aggregated to ensure that the confidentiality provisions of chapter  
10 50.13 RCW extend to claimants and employers who are the subject of this  
11 study.

12 NEW SECTION. Sec. 10. A new section is added to chapter 50.20 RCW  
13 to read as follows:

14 (1) To ensure that unemployment insurance benefits are paid in  
15 accordance with RCW 50.20.098, the employment security department shall  
16 verify that an individual is eligible to work in the United States  
17 before the individual receives training benefits under section 8 of  
18 this act.

19 (2) By July 1, 2002, the employment security department shall:

20 (a) Develop and implement an effective method for determining,  
21 where appropriate, eligibility to work in the United States for  
22 individuals applying for unemployment benefits under this title;

23 (b) Review verification systems developed by federal agencies for  
24 verifying a person's eligibility to receive unemployment benefits under  
25 this title and evaluate the effectiveness of these systems for use in  
26 this state; and

27 (c) Report its initial findings to the legislature by September 1,  
28 2000, and its final report by July 1, 2002.

29 (3) Where federal law prohibits the conditioning of unemployment  
30 benefits on a verification of an individual's status as a qualified or  
31 authorized alien, the requirements of this section shall not apply.

32 NEW SECTION. Sec. 11. (1) A legislative task force is established  
33 to review and make recommendations regarding the changes deemed  
34 necessary to ensure that the unemployment insurance system meets the  
35 needs of employers and workers in the twenty-first century. The task  
36 force shall consist of fifteen members, as follows:



1 (a) Two members from each of the two largest caucuses of the  
2 senate, appointed by the president of the senate;

3 (b) Two members from each of the two largest caucuses of the house  
4 of representatives, appointed by the co-speakers of the house of  
5 representatives;

6 (c) Three members representing business, appointed jointly by the  
7 president of the senate and the co-speakers of the house of  
8 representatives from nominees provided by state-wide business  
9 organizations representing a cross-section of industries and small  
10 business;

11 (d) Three members representing labor, appointed jointly by the  
12 president of the senate and the co-speakers of the house of  
13 representatives from nominees provided by state-wide labor  
14 organizations; and

15 (e) A representative of the executive branch, appointed by the  
16 governor.

17 The task force shall choose its chair from among its membership.

18 (2) The task force shall review the historical fundamentals of the  
19 unemployment insurance system established early in the twentieth  
20 century and determine to what extent, if any, the system should be  
21 modified to meet the challenges of maintaining low unemployment,  
22 establishing a skilled work force, and ensuring a strong and  
23 competitive business and employment climate in our new technology-based  
24 twenty-first century economy.

25 (3) The task force shall use legislative facilities and staff from  
26 senate committee services and the office of program research, but may  
27 hire additional staff with specific technical expertise if such  
28 expertise is necessary to carry out the mandates of this study. Each  
29 nonlegislative member of the task force shall be reimbursed for travel  
30 expenses in accordance with RCW 43.03.050 and 43.03.060. All expenses  
31 of the task force, including travel, shall be paid jointly by the  
32 senate and the house of representatives.

33 (4) The task force shall report its findings and recommendations to  
34 the legislature by December 1, 2000.

35 (5) This section expires July 1, 2001.

36 **Sec. 12.** RCW 50.20.050 and 1993 c 483 s 8 are each amended to read  
37 as follows:

1 (1) An individual shall be disqualified from benefits beginning  
2 with the first day of the calendar week in which he or she has left  
3 work voluntarily without good cause and thereafter for ~~((five))~~ seven  
4 calendar weeks and until he or she has obtained bona fide work in  
5 employment covered by this title and earned wages in that employment  
6 equal to ~~((five))~~ seven times his or her weekly benefit amount.

7 The disqualification shall continue if the work obtained is a mere  
8 sham to qualify for benefits and is not bona fide work. In determining  
9 whether work is of a bona fide nature, the commissioner shall consider  
10 factors including but not limited to the following:

11 (a) The duration of the work;

12 (b) The extent of direction and control by the employer over the  
13 work; and

14 (c) The level of skill required for the work in light of the  
15 individual's training and experience.

16 (2) An individual shall not be considered to have left work  
17 voluntarily without good cause when:

18 (a) He or she has left work to accept a bona fide offer of bona  
19 fide work as described in subsection (1) of this section;

20 (b) The separation was because of the illness or disability of the  
21 claimant or the death, illness, or disability of a member of the  
22 claimant's immediate family if the claimant took all reasonable  
23 precautions, in accordance with any regulations that the commissioner  
24 may prescribe, to protect his or her employment status by having  
25 promptly notified the employer of the reason for the absence and by  
26 having promptly requested reemployment when again able to assume  
27 employment: PROVIDED, That these precautions need not have been taken  
28 when they would have been a futile act, including those instances when  
29 the futility of the act was a result of a recognized labor/management  
30 dispatch system; or

31 (c) He or she has left work to relocate for the spouse's employment  
32 that is due to an employer-initiated mandatory transfer that is outside  
33 the existing labor market area if the claimant remained employed as  
34 long as was reasonable prior to the move.

35 (3) In determining under this section whether an individual has  
36 left work voluntarily without good cause, the commissioner shall only  
37 consider work-connected factors such as the degree of risk involved to  
38 the individual's health, safety, and morals, the individual's physical  
39 fitness for the work, the individual's ability to perform the work, and

1 such other work connected factors as the commissioner may deem  
2 pertinent, including state and national emergencies. Good cause shall  
3 not be established for voluntarily leaving work because of its distance  
4 from an individual's residence where the distance was known to the  
5 individual at the time he or she accepted the employment and where, in  
6 the judgment of the department, the distance is customarily traveled by  
7 workers in the individual's job classification and labor market, nor  
8 because of any other significant work factor which was generally known  
9 and present at the time he or she accepted employment, unless the  
10 related circumstances have so changed as to amount to a substantial  
11 involuntary deterioration of the work factor or unless the commissioner  
12 determines that other related circumstances would work an unreasonable  
13 hardship on the individual were he or she required to continue in the  
14 employment.

15 (4) Subsections (1) and (3) of this section shall not apply to an  
16 individual whose marital status or domestic responsibilities cause him  
17 or her to leave employment. Such an individual shall not be eligible  
18 for unemployment insurance benefits beginning with the first day of the  
19 calendar week in which he or she left work and thereafter for ((five))  
20 seven calendar weeks and until he or she has requalified, either by  
21 obtaining bona fide work in employment covered by this title and  
22 earning wages in that employment equal to ((five)) seven times his or  
23 her weekly benefit amount or by reporting in person to the department  
24 during ten different calendar weeks and certifying on each occasion  
25 that he or she is ready, able, and willing to immediately accept any  
26 suitable work which may be offered, is actively seeking work pursuant  
27 to customary trade practices, and is utilizing such employment  
28 counseling and placement services as are available through the  
29 department. This subsection does not apply to individuals covered by  
30 subsection (2)(b) or (c) of this section.

31 **Sec. 13.** RCW 50.20.060 and 1993 c 483 s 9 are each amended to read  
32 as follows:

33 An individual shall be disqualified from benefits beginning with  
34 the first day of the calendar week in which he or she has been  
35 discharged or suspended for misconduct connected with his or her work  
36 and thereafter for ((five)) seven calendar weeks and until he or she  
37 has obtained bona fide work in employment covered by this title and  
38 earned wages in that employment equal to ((five)) seven times his or

1 her weekly benefit amount. Alcoholism shall not constitute a defense  
2 to disqualification from benefits due to misconduct.

3 **Sec. 14.** RCW 50.20.080 and 1993 c 483 s 10 are each amended to  
4 read as follows:

5 An individual is disqualified for benefits, if the commissioner  
6 finds that the individual has failed without good cause, either to  
7 apply for available, suitable work when so directed by the employment  
8 office or the commissioner, or to accept suitable work when offered the  
9 individual, or to return to his or her customary self-employment (if  
10 any) when so directed by the commissioner. Such disqualification shall  
11 begin with the week of the refusal and thereafter for ~~((five))~~ seven  
12 calendar weeks and continue until the individual has obtained bona fide  
13 work in employment covered by this title and earned wages ~~((therefor))~~  
14 in that employment of not less than ~~((five))~~ seven times his or her  
15 suspended weekly benefit amount.

16 **Sec. 15.** RCW 50.24.014 and 1998 c 346 s 901 and 1998 c 161 s 7 are  
17 each reenacted and amended to read as follows:

18 (1)(a) A separate and identifiable account to provide for the  
19 financing of special programs to assist the unemployed is established  
20 in the administrative contingency fund. Contributions to this account  
21 shall accrue and become payable by each employer, except employers as  
22 described in RCW 50.44.010 and 50.44.030 who have properly elected to  
23 make payments in lieu of contributions, taxable local government  
24 employers as described in RCW 50.44.035, and those employers who are  
25 required to make payments in lieu of contributions, at a basic rate of  
26 two one-hundredths of one percent. The amount of wages subject to tax  
27 shall be determined under RCW 50.24.010.

28 (b) A separate and identifiable account is established in the  
29 administrative contingency fund for financing the employment security  
30 department's administrative cost under section 8 of this act and the  
31 costs under section 8(9) of this act. Contributions to this account  
32 shall accrue and become payable by each employer, except employers as  
33 described in RCW 50.44.010 and 50.44.030 who have properly elected to  
34 make payments in lieu of contributions, taxable local government  
35 employers as described in RCW 50.44.035, those employers who are  
36 required to make payments in lieu of contributions, those employers  
37 described under RCW 50.29.025(6)(b), and those qualified employers

1 assigned rate class 20 under RCW 50.29.025, at a basic rate of one  
2 one-hundredths of one percent. The amount of wages subject to tax  
3 shall be determined under RCW 50.24.010. Any amount of contributions  
4 payable under this subsection (1)(b) that exceeds the amount that would  
5 have been collected at a rate of four one-thousandths of one percent  
6 must be deposited in the unemployment compensation trust fund.

7 (c) For the first calendar quarter of 1994 only, the basic two one-  
8 hundredths of one percent contribution payable under (a) of this  
9 subsection shall be increased by one-hundredth of one percent to a  
10 total rate of three one-hundredths of one percent. The proceeds of  
11 this incremental one-hundredth of one percent shall be used solely for  
12 the purposes described in section 22, chapter 483, Laws of 1993, and  
13 for the purposes of conducting an evaluation of the call center  
14 approach to unemployment insurance under section 5, chapter 161, Laws  
15 of 1998. During the 1997-1999 fiscal biennium, any surplus from  
16 contributions payable under this subsection (~~((b))~~) (c) may be  
17 deposited in the unemployment compensation trust fund, used to support  
18 tax and wage automated systems projects that simplify and streamline  
19 employer reporting, or both.

20 (2)(a) Contributions under this section shall become due and be  
21 paid by each employer under rules as the commissioner may prescribe,  
22 and shall not be deducted, in whole or in part, from the remuneration  
23 of individuals in the employ of the employer. Any deduction in  
24 violation of this section is unlawful.

25 (b) In the payment of any contributions under this section, a  
26 fractional part of a cent shall be disregarded unless it amounts to  
27 one-half cent or more, in which case it shall be increased to one cent.

28 (3) If the commissioner determines that federal funding has been  
29 increased to provide financing for the services specified in chapter  
30 50.62 RCW, the commissioner shall direct that collection of  
31 contributions under this section be terminated on the following January  
32 1st.

1        NEW SECTION.    **Sec. 16.**    (1) Sections 1, 2, 4, 5, and 15 of this act  
2 apply to rate years beginning on or after January 1, 2000.

3        (2)(a) Except as provided under (b) of this subsection, sections 8  
4 and 12 through 14 of this act apply beginning with weeks of  
5 unemployment that begin on or after the Sunday following the day on  
6 which the governor signs chapter . . . , Laws of 2000 (this act).

7        (b) For individuals eligible under section 8(2)(a) of this act who  
8 are enrolled in a national reserve grant on the effective date of this  
9 act, section 8 of this act applies beginning with weeks of unemployment  
10 that begin after the termination of their needs-related payments under  
11 a national reserve grant.

12        NEW SECTION.    **Sec. 17.**    If any part of this act is found to be in  
13 conflict with federal requirements that are a prescribed condition to  
14 the allocation of federal funds to the state or the eligibility of  
15 employers in this state for federal unemployment tax credits, the  
16 conflicting part of this act is inoperative solely to the extent of the  
17 conflict, and the finding or determination does not affect the  
18 operation of the remainder of this act. Rules adopted under this act  
19 must meet federal requirements that are a necessary condition to the  
20 receipt of federal funds by the state or the granting of federal  
21 unemployment tax credits to employers in this state.

22        NEW SECTION.    **Sec. 18.**    If any provision of this act or its  
23 application to any person or circumstance is held invalid, the  
24 remainder of the act or the application of the provision to other  
25 persons or circumstances is not affected.

26        NEW SECTION.    **Sec. 19.**    This act is necessary for the immediate  
27 preservation of the public peace, health, or safety, or support of the  
28 state government and its existing public institutions, and takes effect  
29 immediately.

--- END ---