

1 **HB 2901** - H AMD TO H AMD (H4760.7) **Failed 3-11-02 0514**

2 By Representative ____

3 On page 8, after line 9, insert the following:

4 "NEW SECTION. **Sec. 5.** A new section is added to chapter 50.24
5 RCW to read as follows:

6 (1) For the purposes of this section, individual contributions-
7 means the money payments due to the state unemployment compensation
8 fund as provided under this section.

9 (2) Beginning on January 1, 2003, individual contributions to the
10 state unemployment compensation fund shall accrue and become payable by
11 each employer in accordance with such rules as the commissioner may
12 adopt.

13 (3) Beginning on September 30, 2002, and on September 30 of each
14 year thereafter, the commissioner shall determine the rate of
15 individual contributions. The individual contribution rate shall be
16 the lowest rate necessary to ensure that the total amount of individual
17 contributions that accrue and become payable for the next rate year
18 equals the total amount of benefits paid in the last completed state
19 fiscal year less the total amount of benefits that would have been paid
20 in the last completed state fiscal year if weekly benefit amounts were
21 equal to one percent of the total wages paid in the base year.

22 (4) The commissioner shall determine the amount of wages subject
23 to the individual contribution rate under RCW 50.24.010.

24 (5) An employer may deduct individual contributions, in whole or
25 in part, from the remuneration of individuals in employment of the
26 employer.

27 (6) In the payment of any individual contributions, a fractional
28 part of a cent shall be disregarded unless it amounts to one-half cent
29 or more, in which case it shall be increased to one cent.

30 (7) This section does not apply to: (a) Employers who are required
31 to make payments in lieu of contributions; (b) employers described in
32 RCW 50.44.010, 50.44.030, and 50.50.030 who have properly elected to
33 make payments in lieu of contributions; and (c) taxable local
34 government employers described in RCW 50.44.035.

1 **Sec. 6.** RCW 50.04.072 and 1985 ex.s. c 5 s 5 are each amended to
2 read as follows:

3 The terms "contributions," "individual contributions," and
4 "payments in lieu of contributions" used in this title, whether
5 singular or plural, designate the money payments to be made to the
6 state unemployment compensation fund, to the federal interest payment
7 fund under RCW 50.16.070, or to the special account in the
8 administrative contingency fund under RCW 50.24.014 and are deemed to
9 be taxes due to the state of Washington.

10 **Sec. 7.** RCW 50.16.010 and 1993 c 483 s 7 and 1993 c 226 s 10 are
11 each reenacted and amended to read as follows:

12 There shall be maintained as special funds, separate and apart
13 from all public moneys or funds of this state an unemployment
14 compensation fund, an administrative contingency fund, and a federal
15 interest payment fund, which shall be administered by the commissioner
16 exclusively for the purposes of this title, and to which RCW 43.01.050
17 shall not be applicable.

18 The unemployment compensation fund shall consist of

19 (1) all contributions, individual contributions, and payments in
20 lieu of contributions collected pursuant to the provisions of this
21 title,

22 (2) any property or securities acquired through the use of moneys
23 belonging to the fund,

24 (3) all earnings of such property or securities,

25 (4) any moneys received from the federal unemployment account in
26 the unemployment trust fund in accordance with Title XII of the social
27 security act, as amended,

28 (5) all money recovered on official bonds for losses sustained by
29 the fund,

30 (6) all money credited to this state's account in the unemployment
31 trust fund pursuant to section 903 of the social security act, as
32 amended,

33 (7) all money received from the federal government as
34 reimbursement pursuant to section 204 of the federal-state extended
35 compensation act of 1970 (84 Stat. 708-712; 26 U.S.C. Sec. 3304), and

36 (8) all moneys received for the fund from any other source.

37 All moneys in the unemployment compensation fund shall be
38 commingled and undivided.

1 The administrative contingency fund shall consist of all interest
2 on delinquent contributions collected pursuant to this title, all fines
3 and penalties collected pursuant to the provisions of this title, all
4 sums recovered on official bonds for losses sustained by the fund, and
5 revenue received under RCW 50.24.014: PROVIDED, That all fees, fines,
6 forfeitures and penalties collected or assessed by a district court
7 because of the violation of a state law shall be remitted as provided
8 in chapter 3.62 RCW as now exists or is later amended.

9 Moneys available in the administrative contingency fund, other
10 than money in the special account created under RCW 50.24.014, shall be
11 expended upon the direction of the commissioner, with the approval of
12 the governor, whenever it appears to him or her that such expenditure
13 is necessary for:

14 (a) The proper administration of this title and no federal funds
15 are available for the specific purpose to which such expenditure is to
16 be made, provided, the moneys are not substituted for appropriations
17 from federal funds which, in the absence of such moneys, would be made
18 available.

19 (b) The proper administration of this title for which purpose
20 appropriations from federal funds have been requested but not yet
21 received, provided, the administrative contingency fund will be
22 reimbursed upon receipt of the requested federal appropriation.

23 (c) The proper administration of this title for which compliance
24 and audit issues have been identified that establish federal claims
25 requiring the expenditure of state resources in resolution. Claims
26 must be resolved in the following priority: First priority is to
27 provide services to eligible participants within the state; second
28 priority is to provide substitute services or program support; and last
29 priority is the direct payment of funds to the federal government.

30 Money in the special account created under RCW 50.24.014 may only
31 be expended, after appropriation, for the purposes specified in RCW
32 50.62.010, 50.62.020, 50.62.030, 50.04.070, 50.04.072, 50.16.010,
33 50.29.025, 50.24.014, 50.44.053, and 50.22.010."

34 Renumber remaining sections and correct internal references
35 accordingly.

36 Correct the title.

EFFECT:

- ∅ Requires employers to pay "individual contributions" to the Unemployment Insurance Trust Fund, and permits employers to deduct "individual contributions" from employee wages.
- ∅ Directs the Commissioner of the Employment Security Department to set the rate of individual contributions.
- ∅ Requires that the rate be the lowest rate necessary to collect contributions in an amount equal to the difference between benefits calculated using average wages in the two quarters in the base period in which wages were highest and benefits calculated using wages in the four quarters of the base period.