

HB 2255 - H AMD 380

By Representative Conway

WITHDRAWN 04/01/2005

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that the unemployment
4 insurance system was created to set aside unemployment reserves to be
5 used for the benefit of persons who are unemployed through no fault of
6 their own and to maintain purchasing power and limit the social
7 consequences of unemployment. The legislature further finds that the
8 system is falling short of these goals by failing to recognize the
9 importance of applying liberal construction for the purpose of reducing
10 involuntary unemployment, and the suffering caused by it, to the
11 minimum, and by failing to provide equitable benefits to unemployed
12 workers. The legislature also recognizes the desirability of managing
13 the system to take into account the goal of reducing costs to foster a
14 competitive business climate. The legislature intends to adjust the
15 balance between these goals by reinstating the requirement for liberal
16 construction and making other adjustments in the system that will allow
17 reasonable improvements in benefit equity, including reinstating a
18 weekly benefit calculation based on the wages in the two quarters of
19 the claimant's base year in which wages were the highest. The
20 legislature finds that these adjustments are critical to the health and
21 welfare of unemployed workers, and to the purchasing power essential to
22 the economic health and welfare of communities and the state, and
23 should be implemented as soon as feasible.

24 NEW SECTION. **Sec. 2.** The sum of two hundred fifty thousand
25 dollars, or as much thereof as may be necessary, is appropriated for
26 the fiscal biennium ending June 30, 2007, from the unemployment
27 compensation administration account--federal appropriation from the
28 moneys made available to the state by section 903(d) of the social
29 security act (reed act) for (1) establishing the additional capacity of

1 two full-time equivalent employees within the employment security
2 department to develop economic models for estimating the impacts of
3 policy changes on the unemployment insurance system and the
4 unemployment trust fund and (2) contracting with an independent third-
5 party expert to review these economic models.

6 **Sec. 3.** RCW 50.01.010 and 2003 2nd sp.s. c 4 s 1 are each amended
7 to read as follows:

8 Whereas, economic insecurity due to unemployment is a serious
9 menace to the health, morals and welfare of the people of this state;
10 involuntary unemployment is, therefore, a subject of general interest
11 and concern which requires appropriate action by the legislature to
12 prevent its spread and to lighten its burden which now so often falls
13 with crushing force upon the unemployed worker and his family. Social
14 security requires protection against this greatest hazard of our
15 economic life. This can be provided only by application of the
16 insurance principle of sharing the risks, and by the systematic
17 accumulation of funds during periods of employment to provide benefits
18 for periods of unemployment, thus maintaining purchasing powers and
19 limiting the serious social consequences of relief assistance. The
20 state of Washington, therefore, exercising herein its police and
21 sovereign power endeavors by this title to remedy any widespread
22 unemployment situation which may occur and to set up safeguards to
23 prevent its recurrence in the years to come. The legislature,
24 therefore, declares that in its considered judgment the public good,
25 and the general welfare of the citizens of this state require the
26 enactment of this measure, under the police powers of the state, for
27 the compulsory setting aside of unemployment reserves to be used for
28 the benefit of persons unemployed through no fault of their own, and
29 that this title shall be liberally construed for the purpose of
30 reducing involuntary unemployment and the suffering caused thereby to
31 the minimum.

32 **Sec. 4.** RCW 50.20.120 and 2003 2nd sp.s. c 4 s 11 are each amended
33 to read as follows:

34 (1)(a) Subject to the other provisions of this title, benefits
35 shall be payable to any eligible individual during the individual's
36 benefit year in a maximum amount equal to the lesser of thirty times

1 the weekly benefit amount, as determined in subsection (2) of this
2 section, or one-third of the individual's base year wages under this
3 title: PROVIDED, That as to any week which falls in an extended
4 benefit period as defined in RCW 50.22.010(1), an individual's
5 eligibility for maximum benefits in excess of twenty-six times his or
6 her weekly benefit amount will be subject to the terms and conditions
7 set forth in RCW 50.22.020.

8 (b) With respect to claims that have an effective date on or after
9 the first Sunday of the calendar month immediately following the month
10 in which the commissioner finds that the state unemployment rate is six
11 and eight-tenths percent or less, benefits shall be payable to any
12 eligible individual during the individual's benefit year in a maximum
13 amount equal to the lesser of twenty-six times the weekly benefit
14 amount, as determined in subsection (2) of this section, or one-third
15 of the individual's base year wages under this title.

16 (2)(a) For claims with an effective date before January 4, 2004, an
17 individual's weekly benefit amount shall be an amount equal to one
18 twenty-fifth of the average quarterly wages of the individual's total
19 wages during the two quarters of the individual's base year in which
20 such total wages were highest.

21 (b) With respect to claims with an effective date on or after
22 January 4, 2004, and before January 2, 2005, an individual's weekly
23 benefit amount shall be an amount equal to one twenty-fifth of the
24 average quarterly wages of the individual's total wages during the
25 three quarters of the individual's base year in which such total wages
26 were highest.

27 (c) With respect to claims with an effective date on or after
28 January 2, 2005, and before July 3, 2005, an individual's weekly
29 benefit amount shall be an amount equal to one percent of the total
30 wages paid in the individual's base year.

31 (d) With respect to claims with an effective date on or after July
32 3, 2005, an individual's weekly benefit amount shall be an amount equal
33 to three and eighty-five one-hundredths percent of the average
34 quarterly wages of the individual's total wages during the two quarters
35 of the individual's base year in which such total wages were highest.

36 (3) The maximum and minimum amounts payable weekly shall be
37 determined as of each June 30th to apply to benefit years beginning in
38 the twelve-month period immediately following such June 30th.

1 (a)(i) With respect to claims that have an effective date before
2 January 4, 2004, the maximum amount payable weekly shall be seventy
3 percent of the "average weekly wage" for the calendar year preceding
4 such June 30th.

5 (ii) With respect to claims that have an effective date on or after
6 January 4, 2004, the maximum amount payable weekly shall be either four
7 hundred ninety-six dollars or sixty-three percent of the "average
8 weekly wage" for the calendar year preceding such June 30th, whichever
9 is greater.

10 (b) The minimum amount payable weekly shall be fifteen percent of
11 the "average weekly wage" for the calendar year preceding such June
12 30th.

13 (4) If any weekly benefit, maximum benefit, or minimum benefit
14 amount computed herein is not a multiple of one dollar, it shall be
15 reduced to the next lower multiple of one dollar.

16 **Sec. 5.** RCW 50.29.025 and 2003 2nd sp.s. c 4 s 14 are each amended
17 to read as follows:

18 (1) Except as provided in subsection (2) of this section, the
19 contribution rate for each employer subject to contributions under RCW
20 50.24.010 shall be determined under this subsection.

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

29 (b) The interval of the fund balance ratio, expressed as a
30 percentage, shall determine which tax schedule in (e) of this
31 subsection shall be in effect for assigning tax rates for the rate
32 year. The intervals for determining the effective tax schedule shall
33 be:

1	Interval of the	
2	Fund Balance Ratio	Effective
3	Expressed as a Percentage	Tax Schedule
4	2.90 and above	AA
5	2.10 to 2.89	A
6	1.70 to 2.09	B
7	1.40 to 1.69	C
8	1.00 to 1.39	D
9	0.70 to 0.99	E
10	Less than 0.70	F

11 (c) An array shall be prepared, listing all qualified employers in
12 ascending order of their benefit ratios. The array shall show for each
13 qualified employer: (i) Identification number; (ii) benefit ratio;
14 (iii) taxable payrolls for the four calendar quarters immediately
15 preceding the computation date and reported to the department by the
16 cut-off date; (iv) a cumulative total of taxable payrolls consisting of
17 the employer's taxable payroll plus the taxable payrolls of all other
18 employers preceding him or her in the array; and (v) the percentage
19 equivalent of the cumulative total of taxable payrolls.

20 (d) Each employer in the array shall be assigned to one of twenty
21 rate classes according to the percentage intervals of cumulative
22 taxable payrolls set forth in (e) of this subsection: PROVIDED, That
23 if an employer's taxable payroll falls within two or more rate classes,
24 the employer and any other employer with the same benefit ratio shall
25 be assigned to the lowest rate class which includes any portion of the
26 employer's taxable payroll.

27 (e) Except as provided in RCW 50.29.026, the contribution rate for
28 each employer in the array shall be the rate specified in the following
29 tables for the rate class to which he or she has been assigned, as
30 determined under (d) of this subsection, within the tax schedule which
31 is to be in effect during the rate year:

32	Percent of	
33	Cumulative	Schedules of Contributions Rates
34	Taxable Payrolls	for Effective Tax Schedule
35		

	Rate										
	From	To	Class	AA	A	B	C	D	E	F	
1											
2											
3	0.00	5.00	1	0.47	0.47	0.57	0.97	1.47	1.87	2.47	
4	5.01	10.00	2	0.47	0.47	0.77	1.17	1.67	2.07	2.67	
5	10.01	15.00	3	0.57	0.57	0.97	1.37	1.77	2.27	2.87	
6	15.01	20.00	4	0.57	0.73	1.11	1.51	1.90	2.40	2.98	
7	20.01	25.00	5	0.72	0.92	1.30	1.70	2.09	2.59	3.08	
8	25.01	30.00	6	0.91	1.11	1.49	1.89	2.29	2.69	3.18	
9	30.01	35.00	7	1.00	1.29	1.69	2.08	2.48	2.88	3.27	
10	35.01	40.00	8	1.19	1.48	1.88	2.27	2.67	3.07	3.47	
11	40.01	45.00	9	1.37	1.67	2.07	2.47	2.87	3.27	3.66	
12	45.01	50.00	10	1.56	1.86	2.26	2.66	3.06	3.46	3.86	
13	50.01	55.00	11	1.84	2.14	2.45	2.85	3.25	3.66	3.95	
14	55.01	60.00	12	2.03	2.33	2.64	3.04	3.44	3.85	4.15	
15	60.01	65.00	13	2.22	2.52	2.83	3.23	3.64	4.04	4.34	
16	65.01	70.00	14	2.40	2.71	3.02	3.43	3.83	4.24	4.54	
17	70.01	75.00	15	2.68	2.90	3.21	3.62	4.02	4.43	4.63	
18	75.01	80.00	16	2.87	3.09	3.42	3.81	4.22	4.53	4.73	
19	80.01	85.00	17	3.27	3.47	3.77	4.17	4.57	4.87	4.97	
20	85.01	90.00	18	3.67	3.87	4.17	4.57	4.87	4.97	5.17	
21	90.01	95.00	19	4.07	4.27	4.57	4.97	5.07	5.17	5.37	
22	95.01	100.00	20	5.40	5.40	5.40	5.40	5.40	5.40	5.40	

23 (f) The contribution rate for each employer not qualified to be in
 24 the array shall be as follows:

25 (i) Employers who do not meet the definition of "qualified
 26 employer" by reason of failure to pay contributions when due shall be
 27 assigned a contribution rate two-tenths higher than that in rate class
 28 20 for the applicable rate year, except employers who have an approved
 29 agency-deferred payment contract by September 30 of the previous rate
 30 year. If any employer with an approved agency-deferred payment
 31 contract fails to make any one of the succeeding deferred payments or
 32 fails to submit any succeeding tax report and payment in a timely
 33 manner, the employer's tax rate shall immediately revert to a
 34 contribution rate two-tenths higher than that in rate class 20 for the
 35 applicable rate year; and

36 (ii) For all other employers not qualified to be in the array, the
 37 contribution rate shall be a rate equal to the average industry rate as
 38 determined by the commissioner; however, the rate may not be less than
 39 one percent.

40 (2) Beginning with contributions assessed for rate year 2005, the
 41 contribution rate for each employer subject to contributions under RCW

1 50.24.010 shall be the sum of the array calculation factor rate and the
2 graduated social cost factor rate determined under this subsection, and
3 the solvency surcharge determined under RCW 50.29.041, if any.

4 (a) The array calculation factor rate shall be determined as
5 follows:

6 (i) An array shall be prepared, listing all qualified employers in
7 ascending order of their benefit ratios. The array shall show for each
8 qualified employer: (A) Identification number; (B) benefit ratio; and
9 (C) taxable payrolls for the four consecutive calendar quarters
10 immediately preceding the computation date and reported to the
11 employment security department by the cut-off date.

12 (ii) Each employer in the array shall be assigned to one of forty
13 rate classes according to his or her benefit ratio as follows, and,
14 except as provided in RCW 50.29.026, the array calculation factor rate
15 for each employer in the array shall be the rate specified in the rate
16 class to which the employer has been assigned:

Benefit Ratio		Rate	Rate
At least	Less than	Class	(percent)
	0.000001	1	0.00
0.000001	0.001250	2	0.13
0.001250	0.002500	3	0.25
0.002500	0.003750	4	0.38
0.003750	0.005000	5	0.50
0.005000	0.006250	6	0.63
0.006250	0.007500	7	0.75
0.007500	0.008750	8	0.88
0.008750	0.010000	9	1.00
0.010000	0.011250	10	1.15
0.011250	0.012500	11	1.30
0.012500	0.013750	12	1.45
0.013750	0.015000	13	1.60
0.015000	0.016250	14	1.75
0.016250	0.017500	15	1.90
0.017500	0.018750	16	2.05
0.018750	0.020000	17	2.20
0.020000	0.021250	18	2.35

1	0.021250	0.022500	19	2.50
2	0.022500	0.023750	20	2.65
3	0.023750	0.025000	21	2.80
4	0.025000	0.026250	22	2.95
5	0.026250	0.027500	23	3.10
6	0.027500	0.028750	24	3.25
7	0.028750	0.030000	25	3.40
8	0.030000	0.031250	26	3.55
9	0.031250	0.032500	27	3.70
10	0.032500	0.033750	28	3.85
11	0.033750	0.035000	29	4.00
12	0.035000	0.036250	30	4.15
13	0.036250	0.037500	31	4.30
14	0.037500	0.040000	32	4.45
15	0.040000	0.042500	33	4.60
16	0.042500	0.045000	34	4.75
17	0.045000	0.047500	35	4.90
18	0.047500	0.050000	36	5.05
19	0.050000	0.052500	37	5.20
20	0.052500	0.055000	38	5.30
21	0.055000	0.057500	39	5.35
22	0.057500		40	5.40

23 (b) The graduated social cost factor rate shall be determined as
24 follows:

25 (i)(A) Except as provided in (b)(i)(B) (~~and~~), (C), and (D) of
26 this subsection, the commissioner shall calculate the flat social cost
27 factor for a rate year by dividing the total social cost by the total
28 taxable payroll. The division shall be carried to the second decimal
29 place with the remaining fraction disregarded unless it amounts to five
30 hundredths or more, in which case the second decimal place shall be
31 rounded to the next higher digit. The flat social cost factor shall be
32 expressed as a percentage.

33 (B) If, on the cut-off date, the balance in the unemployment
34 compensation fund is determined by the commissioner to be an amount
35 that will provide more than ten months of unemployment benefits, the
36 commissioner shall calculate the flat social cost factor for the rate
37 year immediately following the cut-off date by reducing the total
38 social cost by the dollar amount that represents the number of months

1 for which the balance in the unemployment compensation fund on the cut-
2 off date will provide benefits above ten months and dividing the result
3 by the total taxable payroll. However, the calculation under this
4 subsection (2)(b)(i)(B) for a rate year may not result in a flat social
5 cost factor that is more than two-tenths lower than the calculation
6 under (b)(i)(A) of this subsection for that rate year. For the
7 purposes of this subsection, the commissioner shall determine the
8 number of months of unemployment benefits in the unemployment
9 compensation fund using the benefit cost rate for the average of the
10 three highest calendar benefit cost rates in the twenty consecutive
11 completed calendar years immediately preceding the cut-off date or a
12 period of consecutive calendar years immediately preceding the cut-off
13 date that includes three recessions, if longer.

14 (C) The minimum flat social cost factor calculated under this
15 subsection (2)(b) shall be six-tenths of one percent.

16 (D) With respect to rate years 2006 through 2009, the flat social
17 cost factor shall be the lesser of:

18 (I) The flat social cost factor determined under (b)(i)(A) through
19 (C) of this subsection; or

20 (II) The flat social cost factor that would be determined under
21 (b)(i)(A) through (C) of this subsection if RCW 50.20.120(2)(c) had
22 been in effect during the immediately preceding rate year.

23 (ii)(A) Except as provided in (b)(ii)(B) of this subsection, the
24 graduated social cost factor rate for each employer in the array is the
25 flat social cost factor multiplied by the percentage specified as
26 follows for the rate class to which the employer has been assigned in
27 (a)(ii) of this subsection(, except that the sum of an employer's
28 array calculation factor rate and the graduated social cost factor rate
29 may not exceed six and five tenths percent or, for employers whose
30 standard industrial classification code is within major group "01,"
31 "02," "07," "091," "203," "209," or "5148," or the equivalent code in
32 the North American industry classification system code, may not exceed
33 six percent))):

34 ((A)) (I) Rate class 1 - 78 percent;

35 ((B)) (II) Rate class 2 - 82 percent;

36 ((C)) (III) Rate class 3 - 86 percent;

37 ((D)) (IV) Rate class 4 - 90 percent;

38 ((E)) (V) Rate class 5 - 94 percent;

- 1 ~~((F))~~ (VI) Rate class 6 - 98 percent;
- 2 ~~((G))~~ (VII) Rate class 7 - 102 percent;
- 3 ~~((H))~~ (VIII) Rate class 8 - 106 percent;
- 4 ~~((I))~~ (IX) Rate class 9 - 110 percent;
- 5 ~~((J))~~ (X) Rate class 10 - 114 percent;
- 6 ~~((K))~~ (XI) Rate class 11 - 118 percent; and
- 7 ~~((L))~~ (XII) Rate classes 12 through 40 - 120 percent.

8 (B) The sum of an employer's array calculation factor rate and the
9 graduated social cost factor rate may not exceed six and five-tenths
10 percent, except that:

11 (I) For contributions assessed beginning July 1, 2005, through June
12 30, 2007, for employers whose North American industry classification
13 system code is "111," "112," "115," "3114," "3117," or "42448," the
14 graduated social cost factor rate is zero; and

15 (II) The sum of an employer's array calculation factor rate and the
16 graduated social cost factor rate may not exceed six percent for
17 employers whose North American industry classification system code is
18 "1141," and, for periods not covered by (b)(ii)(B)(I) of this
19 subsection, for employers whose North American industry classification
20 system code is "111," "112," "115," "3114," "3117," or "42448."

21 (iii) For the purposes of this section:

22 (A) "Total social cost" means:

23 (I) Except as provided in (b)(iii)(A)(II) of this subsection, the
24 amount calculated by subtracting the array calculation factor
25 contributions paid by all employers with respect to the four
26 consecutive calendar quarters immediately preceding the computation
27 date and paid to the employment security department by the cut-off date
28 from the total unemployment benefits paid to claimants in the same four
29 consecutive calendar quarters. To calculate the flat social cost
30 factor for rate year 2005, the commissioner shall calculate the total
31 social cost using the array calculation factor contributions that would
32 have been required to be paid by all employers in the calculation
33 period if (a) of this subsection had been in effect for the relevant
34 period.

35 (II) For rate years 2007 through 2009, the amount calculated under
36 (b)(iii)(A)(I) of this subsection reduced by the amount of benefits
37 charged that exceed the contributions paid in the four consecutive
38 calendar quarters immediately preceding the applicable computation date

1 because, as applicable, specified employers are subject to the social
2 cost contributions under (b)(ii)(B)(I) of this subsection, and/or
3 because the social cost factor contributions are paid under
4 (b)(i)(D)(II) of this subsection.

5 (B) "Total taxable payroll" means the total amount of wages subject
6 to tax, as determined under RCW 50.24.010, for all employers in the
7 four consecutive calendar quarters immediately preceding the
8 computation date and reported to the employment security department by
9 the cut-off date.

10 (c) The array calculation factor rate for each employer not
11 qualified to be in the array shall be as follows:

12 (i) Employers who do not meet the definition of "qualified
13 employer" by reason of failure to pay contributions when due shall be
14 assigned an array calculation factor rate two-tenths higher than that
15 in rate class 40, except employers who have an approved agency-deferred
16 payment contract by September 30th of the previous rate year. If any
17 employer with an approved agency-deferred payment contract fails to
18 make any one of the succeeding deferred payments or fails to submit any
19 succeeding tax report and payment in a timely manner, the employer's
20 tax rate shall immediately revert to an array calculation factor rate
21 two-tenths higher than that in rate class 40; and

22 (ii) For all other employers not qualified to be in the array, the
23 array calculation factor rate shall be a rate equal to the average
24 industry array calculation factor rate as determined by the
25 commissioner, plus fifteen percent of that amount; however, the rate
26 may not be less than one percent or more than the array calculation
27 factor rate in rate class 40.

28 (d) The graduated social cost factor rate for each employer not
29 qualified to be in the array shall be as follows:

30 (i) For employers whose array calculation factor rate is determined
31 under (c)(i) of this subsection, the social cost factor rate shall be
32 the social cost factor rate assigned to rate class 40 under (b)(ii) of
33 this subsection.

34 (ii) For employers whose array calculation factor rate is
35 determined under (c)(ii) of this subsection, the social cost factor
36 rate shall be a rate equal to the average industry social cost factor
37 rate as determined by the commissioner, plus fifteen percent of that

1 amount, but not more than the social cost factor rate assigned to rate
2 class 40 under (b)(ii) of this subsection.

3 (3) Assignment of employers by the commissioner to industrial
4 classification, for purposes of this section, shall be in accordance
5 with established classification practices found in the "Standard
6 Industrial Classification Manual" issued by the federal office of
7 management and budget to the third digit provided in the standard
8 industrial classification code, or in the North American industry
9 classification system code.

10 **Sec. 6.** RCW 50.16.030 and 1999 c 36 s 1 are each amended to read
11 as follows:

12 (1)(a) Except as provided in (b) and (c) of this subsection, moneys
13 shall be requisitioned from this state's account in the unemployment
14 trust fund solely for the payment of benefits and repayment of loans
15 from the federal government to guarantee solvency of the unemployment
16 compensation fund in accordance with regulations prescribed by the
17 commissioner, except that money credited to this state's account
18 pursuant to section 903 of the social security act, as amended, shall
19 be used exclusively as provided in RCW 50.16.030(5). The commissioner
20 shall from time to time requisition from the unemployment trust fund
21 such amounts, not exceeding the amounts standing to its account
22 therein, as he or she deems necessary for the payment of benefits for
23 a reasonable future period. Upon receipt thereof the treasurer shall
24 deposit such moneys in the benefit account and shall issue his or her
25 warrants for the payment of benefits solely from such benefits account.

26 (b) During fiscal years 2006 and 2007, moneys for the payment of
27 regular benefits as defined in RCW 50.22.010 shall be requisitioned in
28 the following order:

29 (i) First, from the moneys credited to this state's account in the
30 unemployment trust fund pursuant to section 903 of the social security
31 act, as amended in section 209 of the temporary extended unemployment
32 compensation act of 2002 (42 U.S.C. Sec. 1103(d)), the amount equal to
33 the amount of benefits charged that exceed the contributions paid in
34 the four consecutive calendar quarters ending on June 30, 2006, for the
35 fiscal year 2006 calculation, and ending on June 30, 2007, for the
36 fiscal year 2007 calculation, because the social cost factor
37 contributions that employers are subject to under RCW

1 50.29.025(2)(b)(ii)(B)(I) are less than the social cost factor
2 contributions that would have applied to these employers under RCW
3 50.29.025(2)(b)(ii)(B)(II); and

4 (ii) Second, after the requisitioning required under (b)(i) of this
5 subsection in the respective fiscal year, from all other moneys
6 credited to this state's account in the unemployment trust fund.

7 (c) After the requisitioning required under (b) of this subsection,
8 if applicable, during calendar years 2006 through 2009, moneys for the
9 payment of regular benefits as defined in RCW 50.22.010 shall be
10 requisitioned in the following order:

11 (i) First, from the moneys credited to this state's account in the
12 unemployment trust fund pursuant to section 903 of the social security
13 act, as amended in section 209 of the temporary extended unemployment
14 compensation act of 2002 (42 U.S.C. Sec. 1103(d)), the amount equal to
15 the amount of benefits charged that exceed the contributions paid in
16 the four consecutive calendar quarters immediately preceding the
17 applicable computation date because the social cost factor
18 contributions paid pursuant to RCW 50.29.025(2)(b)(i)(D)(II) are less
19 than the social cost factor contributions that would have been paid if
20 RCW 50.29.025(2)(b)(i)(D)(I) had been applicable; and

21 (ii) Second, after the requisitioning required under (c)(i) of this
22 subsection in the respective calendar year, from all other moneys
23 credited to this state's account in the unemployment trust fund.

24 (2) Expenditures of such moneys in the benefit account and refunds
25 from the clearing account shall not be subject to any provisions of law
26 requiring specific appropriations or other formal release by state
27 officers of money in their custody, and RCW 43.01.050, as amended,
28 shall not apply. All warrants issued by the treasurer for the payment
29 of benefits and refunds shall bear the signature of the treasurer and
30 the countersignature of the commissioner, or his or her duly authorized
31 agent for that purpose.

32 (3) Any balance of moneys requisitioned from the unemployment trust
33 fund which remains unclaimed or unpaid in the benefit account after the
34 expiration of the period for which sums were requisitioned shall either
35 be deducted from estimates for, and may be utilized for the payment of,
36 benefits during succeeding periods, or in the discretion of the
37 commissioner, shall be redeposited with the secretary of the treasury

1 of the United States of America to the credit of this state's account
2 in the unemployment trust fund.

3 (4) Money credited to the account of this state in the unemployment
4 trust fund by the secretary of the treasury of the United States of
5 America pursuant to section 903 of the social security act, as amended,
6 may be requisitioned and used for the payment of expenses incurred for
7 the administration of this title pursuant to a specific appropriation
8 by the legislature, provided that the expenses are incurred and the
9 money is requisitioned after the enactment of an appropriation law
10 which:

11 (a) Specifies the purposes for which such money is appropriated and
12 the amounts appropriated therefor;

13 (b) Limits the period within which such money may be obligated to
14 a period ending not more than two years after the date of the enactment
15 of the appropriation law; and

16 (c) Limits the amount which may be obligated during a twelve-month
17 period beginning on July 1st and ending on the next June 30th to an
18 amount which does not exceed the amount by which (i) the aggregate of
19 the amounts credited to the account of this state pursuant to section
20 903 of the social security act, as amended, during the same twelve-
21 month period and the thirty-four preceding twelve-month periods,
22 exceeds (ii) the aggregate of the amounts obligated pursuant to RCW
23 50.16.030 (4), (5) and (6) and charged against the amounts credited to
24 the account of this state during any of such thirty-five twelve-month
25 periods. For the purposes of RCW 50.16.030 (4), (5) and (6), amounts
26 obligated during any such twelve-month period shall be charged against
27 equivalent amounts which were first credited and which are not already
28 so charged; except that no amount obligated for administration during
29 any such twelve-month period may be charged against any amount credited
30 during such a twelve-month period earlier than the thirty-fourth
31 twelve-month period preceding such period: PROVIDED, That any amount
32 credited to this state's account under section 903 of the social
33 security act, as amended, which has been appropriated for expenses of
34 administration, whether or not withdrawn from the trust fund shall be
35 excluded from the unemployment compensation fund balance for the
36 purpose of experience rating credit determination.

37 (5) Money credited to the account of this state pursuant to section
38 903 of the social security act, as amended, may not be withdrawn or

1 used except for the payment of benefits and for the payment of expenses
2 of administration and of public employment offices pursuant to RCW
3 50.16.030 (4), (5) and (6). However, moneys credited because of excess
4 amounts in federal accounts in federal fiscal years 1999, 2000, and
5 2001 shall be used solely for the administration of the unemployment
6 compensation program and are not subject to appropriation by the
7 legislature for any other purpose.

8 (6) Money requisitioned as provided in RCW 50.16.030 (4), (5) and
9 (6) for the payment of expenses of administration shall be deposited in
10 the unemployment compensation fund, but until expended, shall remain a
11 part of the unemployment compensation fund. The commissioner shall
12 maintain a separate record of the deposit, obligation, expenditure and
13 return of funds so deposited. Any money so deposited which either will
14 not be obligated within the period specified by the appropriation law
15 or remains unobligated at the end of the period, and any money which
16 has been obligated within the period but will not be expended, shall be
17 returned promptly to the account of this state in the unemployment
18 trust fund.

19 NEW SECTION. **Sec. 7.** A new section is added to chapter 50.29 RCW
20 to read as follows:

21 (1) Beginning October 1, 2006, and each October 1st thereafter
22 through October 1, 2009, the employment security department must report
23 to the appropriate committees of the legislature on the impact, or
24 projected impact, of sections 3 and 4, chapter ..., Laws of 2005
25 (sections 3 and 4 of this act) on the unemployment trust fund in the
26 three consecutive fiscal years beginning with the year before the
27 report date.

28 (2) This section expires January 1, 2010.

29 NEW SECTION. **Sec. 8.** (1)(a) The joint legislative task force on
30 unemployment insurance benefit equity is established. The joint
31 legislative task force shall consist of the following members:

32 (i) The chair and ranking minority member of the senate labor,
33 commerce, research and development committee;

34 (ii) The chair and ranking minority member of the house commerce
35 and labor committee;

1 (iii) Four members representing business, selected from nominations
2 submitted by statewide business organizations representing a cross-
3 section of industries and appointed jointly by the president of the
4 senate and the speaker of the house of representatives; and

5 (iv) Four members representing labor, selected from nominations
6 submitted by statewide labor organizations representing a cross-section
7 of industries and appointed jointly by the president of the senate and
8 the speaker of the house of representatives.

9 (b) In addition, the employment security department shall cooperate
10 with the task force and maintain a liaison representative, who shall be
11 a nonvoting member. The department shall cooperate with the task force
12 and provide information as the task force may reasonably request.

13 (2) The task force shall review the unemployment insurance system,
14 including, but not limited to, whether the benefit structure provides
15 for equitable benefits, whether the structure fairly accounts for
16 changes in the work force and industry work patterns, and for
17 claimants' annual work patterns, whether the tax structure provides for
18 an equitable distribution of taxes, and whether the trust fund is
19 adequate in the long term.

20 (3)(a) The task force shall use legislative facilities, and staff
21 support shall be provided by senate committee services and the house of
22 representatives office of program research. The task force may hire
23 additional staff with specific technical expertise if such expertise is
24 necessary to carry out the mandates of this study.

25 (b) Legislative members of the task force shall be reimbursed for
26 travel expenses in accordance with RCW 44.04.120. Nonlegislative
27 members, except those representing an employer or organization, are
28 entitled to be reimbursed for travel expenses in accordance with RCW
29 43.03.050 and 43.03.060.

30 (c) The expenses of the task force shall be paid jointly by the
31 senate and the house of representatives.

32 (5) The task force shall report its findings and recommendations to
33 the legislature by January 1, 2006.

34 (6) This section expires July 1, 2006.

35 NEW SECTION. **Sec. 9.** If any part of this act is found to be in
36 conflict with federal requirements that are a prescribed condition to
37 the allocation of federal funds to the state or the eligibility of

1 employers in this state for federal unemployment tax credits, the
2 conflicting part of this act is inoperative solely to the extent of the
3 conflict, and the finding or determination does not affect the
4 operation of the remainder of this act. Rules adopted under this act
5 must meet federal requirements that are a necessary condition to the
6 receipt of federal funds by the state or the granting of federal
7 unemployment tax credits to employers in this state.

8 NEW SECTION. **Sec. 10.** This act is necessary for the immediate
9 preservation of the public peace, health, or safety, or support of the
10 state government and its existing public institutions, and takes effect
11 immediately."

12 Correct the title.

EFFECT: The amendment strikes the underlying intent section and adds provisions that:

(1) Appropriate \$250,000 from Reed Act funds to establish additional capacity in the Employment Security Department to develop economic models and contract with an outside expert to evaluate the models.

(2) Restore the "liberal construction" requirement for interpreting the unemployment insurance system.

(3) For unemployment benefits paid on claims with effective dates on or after July 3, 2005, calculate weekly benefit amounts (WBA) using 3.85 percent of the claimant's average wages during the two quarters in which the wages were highest, instead of using one percent of annual wages.

(4) For fiscal years 2006 and 2007, require employers in the following industry classification to pay a graduated social cost factor rate of zero: Agricultural crops, livestock, agricultural services, food processing (fresh and frozen), and packing houses/cold storage. Reed Act funds are requisitioned to pay benefits in the amount of the benefits that are not effectively charged because of the difference in contributions that would have been paid at the usual rate.

(5) For tax years 2006 through 2009, require the flat social cost factor to be the lesser of the rate applicable with the new WBA calculations in effect and the rate that would have been applicable if the WBA had been calculated as one percent of annual wages. When benefits are not effectively charged because the rate used is the rate under the "one percent of annual wages" calculation, Reed Act funds are requisitioned to pay benefits in the amount of those ineffective charges.

(6) Adjust the formula for determining the social cost factor in

rate years 2007 through 2009 each year to account for any benefits that are not effectively charged under the changes during fiscal years 2006 through 2009.

(7) Require the Employment Security Department to report to the Legislature annually for four years, beginning October 1, 2006, on the impact of these changes on the unemployment trust fund, with each report covering three consecutive fiscal years, beginning with the fiscal year prior to the report.

(8) Establish the Joint Legislative Task Force on Unemployment Insurance Benefit Equity with four business representatives, four labor representatives, and the chairs and ranking minority members of the Senate Labor, Commerce, Research & Development Committee, and the House Commerce & Labor Committee, respectively. The Task Force must review the system, including whether the benefit structure is equitable, whether the structure fairly accounts for changes in work force, industry, and claimant work patterns, whether the tax structure equitably distributes taxes, and whether the trust fund is adequate in the long term.

(9) Declare an emergency with an immediate effective date.

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