

EHB 2255 - S AMD 590

By Senators Doumit, Kohl-Welles

PULLED 04/15/2005

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

26 Whereas, economic insecurity due to unemployment is a serious
27 menace to the health, morals and welfare of the people of this state;
28 involuntary unemployment is, therefore, a subject of general interest
29 and concern which requires appropriate action by the legislature to

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

21 **Sec. 3.** RCW 50.20.120 and 2003 2nd sp.s. c 4 s 11 are each amended
22 to read as follows:

23 (1)(a) Subject to the other provisions of this title, benefits
24 shall be payable to any eligible individual during the individual's
25 benefit year in a maximum amount equal to the lesser of thirty times
26 the weekly benefit amount, as determined in subsection (2) of this
27 section, or one-third of the individual's base year wages under this
28 title: PROVIDED, That as to any week which falls in an extended
29 benefit period as defined in RCW 50.22.010(1), an individual's
30 eligibility for maximum benefits in excess of twenty-six times his or
31 her weekly benefit amount will be subject to the terms and conditions
32 set forth in RCW 50.22.020.

33 (b) With respect to claims that have an effective date on or after
34 the first Sunday of the calendar month immediately following the month
35 in which the commissioner finds that the state unemployment rate is six
36 and eight-tenths percent or less, benefits shall be payable to any
37 eligible individual during the individual's benefit year in a maximum

1 amount equal to the lesser of twenty-six times the weekly benefit
2 amount, as determined in subsection (2) of this section, or one-third
3 of the individual's base year wages under this title.

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

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

15 (c)(i) With respect to claims with an effective date on or after
16 January 2, 2005, except as provided in (c)(ii) of this subsection, an
17 individual's weekly benefit amount shall be an amount equal to one
18 percent of the total wages paid in the individual's base year.

19 (ii) With respect to claims with an effective date on or after the
20 first Sunday following the day on which the governor signs this act,
21 and before July 1, 2007, an individual's weekly benefit amount shall be
22 an amount equal to three and eighty-five one-hundredths percent of the
23 average quarterly wages of the individual's total wages during the two
24 quarters of the individual's base year in which such total wages were
25 highest.

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

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

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

1 (b) The minimum amount payable weekly shall be fifteen percent of
2 the "average weekly wage" for the calendar year preceding such June
3 30th.

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

7 **Sec. 4.** RCW 50.29.021 and 2003 2nd sp.s. c 4 s 21 are each amended
8 to read as follows:

9 (1) This section applies to benefits charged to the experience
10 rating accounts of employers for claims that have an effective date on
11 or after January 4, 2004.

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

19 (b) Benefits paid to an eligible individual shall be charged to the
20 experience rating accounts of each of such individual's employers
21 during the individual's base year in the same ratio that the wages paid
22 by each employer to the individual during the base year bear to the
23 wages paid by all employers to that individual during that base year,
24 except as otherwise provided in this section.

25 (c) When the eligible individual's separating employer is a covered
26 contribution paying base year employer, benefits paid to the eligible
27 individual shall be charged to the experience rating account of only
28 the individual's separating employer if the individual qualifies for
29 benefits under:

30 (i) RCW 50.20.050(2)(b)(i), as applicable, and became unemployed
31 after having worked and earned wages in the bona fide work; or

32 (ii) RCW 50.20.050(2)(b)(v) through (x).

33 (3) The legislature finds that certain benefit payments, in whole
34 or in part, should not be charged to the experience rating accounts of
35 employers except those employers described in RCW 50.44.010 and
36 50.44.030 who have properly elected to make payments in lieu of

1 contributions, taxable local government employers described in RCW
2 50.44.035, and those employers who are required to make payments in
3 lieu of contributions, as follows:

4 (a) Benefits paid to any individual later determined to be
5 ineligible shall not be charged to the experience rating account of any
6 contribution paying employer.

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

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

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

14 (c) Benefits paid which represent the state's share of benefits
15 payable as extended benefits defined under RCW 50.22.010(6) shall not
16 be charged to the experience rating account of any contribution paying
17 employer.

18 (d) In the case of individuals who requalify for benefits under RCW
19 50.20.050 or 50.20.060, benefits based on wage credits earned prior to
20 the disqualifying separation shall not be charged to the experience
21 rating account of the contribution paying employer from whom that
22 separation took place.

23 (e) Individuals who qualify for benefits under RCW
24 50.20.050(2)(b)(iv), as applicable, shall not have their benefits
25 charged to the experience rating account of any contribution paying
26 employer.

27 (f) With respect to claims with an effective date on or after the
28 first Sunday following the day on which the governor signs this act,
29 and before December 31, 2006, benefits paid that exceed the benefits
30 that would have been paid if the weekly benefit amount for the claim
31 had been determined as one percent of the total wages paid in the
32 individual's base year shall not be charged to the experience rating
33 account of any contribution paying employer.

34 (4)(a) A contribution paying base year employer, not otherwise
35 eligible for relief of charges for benefits under this section, may
36 receive such relief if the benefit charges result from payment to an
37 individual who:

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

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

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

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

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

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

27 (1) Except as provided in subsection (2) of this section, the
28 contribution rate for each employer subject to contributions under RCW
29 50.24.010 shall be determined under this subsection.

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

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

6	Interval of the	
7	Fund Balance Ratio	Effective
8	Expressed as a Percentage	Tax Schedule
9	2.90 and above	AA
10	2.10 to 2.89	A
11	1.70 to 2.09	B
12	1.40 to 1.69	C
13	1.00 to 1.39	D
14	0.70 to 0.99	E
15	Less than 0.70	F

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

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

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

	Percent of		Schedules of Contributions Rates								
	Cumulative		for Effective Tax Schedule								
	Taxable Payrolls										
	Rate										
	From	To Class	AA	A	B	C	D	E	F		
7	0.00	5.00	1	0.47	0.47	0.57	0.97	1.47	1.87	2.47	
8	5.01	10.00	2	0.47	0.47	0.77	1.17	1.67	2.07	2.67	
9	10.01	15.00	3	0.57	0.57	0.97	1.37	1.77	2.27	2.87	
10	15.01	20.00	4	0.57	0.73	1.11	1.51	1.90	2.40	2.98	
11	20.01	25.00	5	0.72	0.92	1.30	1.70	2.09	2.59	3.08	
12	25.01	30.00	6	0.91	1.11	1.49	1.89	2.29	2.69	3.18	
13	30.01	35.00	7	1.00	1.29	1.69	2.08	2.48	2.88	3.27	
14	35.01	40.00	8	1.19	1.48	1.88	2.27	2.67	3.07	3.47	
15	40.01	45.00	9	1.37	1.67	2.07	2.47	2.87	3.27	3.66	
16	45.01	50.00	10	1.56	1.86	2.26	2.66	3.06	3.46	3.86	
17	50.01	55.00	11	1.84	2.14	2.45	2.85	3.25	3.66	3.95	
18	55.01	60.00	12	2.03	2.33	2.64	3.04	3.44	3.85	4.15	
19	60.01	65.00	13	2.22	2.52	2.83	3.23	3.64	4.04	4.34	
20	65.01	70.00	14	2.40	2.71	3.02	3.43	3.83	4.24	4.54	
21	70.01	75.00	15	2.68	2.90	3.21	3.62	4.02	4.43	4.63	
22	75.01	80.00	16	2.87	3.09	3.42	3.81	4.22	4.53	4.73	
23	80.01	85.00	17	3.27	3.47	3.77	4.17	4.57	4.87	4.97	
24	85.01	90.00	18	3.67	3.87	4.17	4.57	4.87	4.97	5.17	
25	90.01	95.00	19	4.07	4.27	4.57	4.97	5.07	5.17	5.37	
26	95.01	100.00	20	5.40	5.40	5.40	5.40	5.40	5.40	5.40	

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

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

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

5 (2) Beginning with contributions assessed for rate year 2005, the
6 contribution rate for each employer subject to contributions under RCW
7 50.24.010 shall be the sum of the array calculation factor rate and the
8 graduated social cost factor rate determined under this subsection, and
9 the solvency surcharge determined under RCW 50.29.041, if any.

10 (a) The array calculation factor rate shall be determined as
11 follows:

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

18 (ii) Each employer in the array shall be assigned to one of forty
19 rate classes according to his or her benefit ratio as follows, and,
20 except as provided in RCW 50.29.026, the array calculation factor rate
21 for each employer in the array shall be the rate specified in the rate
22 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

1	0.013750	0.015000	13	1.60
2	0.015000	0.016250	14	1.75
3	0.016250	0.017500	15	1.90
4	0.017500	0.018750	16	2.05
5	0.018750	0.020000	17	2.20
6	0.020000	0.021250	18	2.35
7	0.021250	0.022500	19	2.50
8	0.022500	0.023750	20	2.65
9	0.023750	0.025000	21	2.80
10	0.025000	0.026250	22	2.95
11	0.026250	0.027500	23	3.10
12	0.027500	0.028750	24	3.25
13	0.028750	0.030000	25	3.40
14	0.030000	0.031250	26	3.55
15	0.031250	0.032500	27	3.70
16	0.032500	0.033750	28	3.85
17	0.033750	0.035000	29	4.00
18	0.035000	0.036250	30	4.15
19	0.036250	0.037500	31	4.30
20	0.037500	0.040000	32	4.45
21	0.040000	0.042500	33	4.60
22	0.042500	0.045000	34	4.75
23	0.045000	0.047500	35	4.90
24	0.047500	0.050000	36	5.05
25	0.050000	0.052500	37	5.20
26	0.052500	0.055000	38	5.30
27	0.055000	0.057500	39	5.35
28	0.057500		40	5.40

29 (b) The graduated social cost factor rate shall be determined as
30 follows:

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

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

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

22 (D) With respect to rate year 2007, the flat social cost factor
23 shall be the lesser of:

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

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

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

1 ~~"091," "203," "209," or "5148," or the equivalent code in the North~~
2 ~~American industry classification system code,))~~ "111," "112," "1141,"
3 "115," "3114," "3117," or "42448," may not exceed six percent:

4 ((~~A~~)) (I) Rate class 1 - 78 percent;

5 ((~~B~~)) (II) Rate class 2 - 82 percent;

6 ((~~C~~)) (III) Rate class 3 - 86 percent;

7 ((~~D~~)) (IV) Rate class 4 - 90 percent;

8 ((~~E~~)) (V) Rate class 5 - 94 percent;

9 ((~~F~~)) (VI) Rate class 6 - 98 percent;

10 ((~~G~~)) (VII) Rate class 7 - 102 percent;

11 ((~~H~~)) (VIII) Rate class 8 - 106 percent;

12 ((~~I~~)) (IX) Rate class 9 - 110 percent;

13 ((~~J~~)) (X) Rate class 10 - 114 percent;

14 ((~~K~~)) (XI) Rate class 11 - 118 percent; and

15 ((~~L~~)) (XII) Rate classes 12 through 40 - 120 percent.

16 (B) For contributions assessed beginning July 1, 2005, through June
17 30, 2007, for employers whose North American industry classification
18 system code is "111," "112," "1141," "115," "3114," "3117," "42448," or
19 "49312," the graduated social cost factor rate is zero.

20 (iii) For the purposes of this section:

21 (A) "Total social cost" means:

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

34 (II) For rate year 2007, the amount calculated under (b)(iii)(A)(I)
35 of this subsection reduced by the amount of benefits charged that
36 exceed the contributions paid in the four consecutive calendar quarters
37 immediately preceding the applicable computation date because, as
38 applicable, specified employers are subject to the social cost

1 contributions under (b)(ii)(B) of this subsection, and/or because the
2 social cost factor contributions are paid under (b)(i)(D)(II) of this
3 subsection.

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

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

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

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

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

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

33 (ii) For employers whose array calculation factor rate is
34 determined under (c)(ii) of this subsection, the social cost factor
35 rate shall be a rate equal to the average industry social cost factor
36 rate as determined by the commissioner, plus fifteen percent of that
37 amount, but not more than the social cost factor rate assigned to rate
38 class 40 under (b)(ii) of this subsection.

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

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

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

24 (b) Moneys for the payment of regular benefits as defined in RCW
25 50.22.010 shall be requisitioned during fiscal years 2006 and 2007 in
26 the following order:

27 (i) First, from the moneys credited to this state's account in the
28 unemployment trust fund pursuant to section 903 of the social security
29 act, as amended in section 209 of the temporary extended unemployment
30 compensation act of 2002 (42 U.S.C. Sec. 1103(d)), the amount equal to
31 the amount of benefits charged that exceed the contributions paid in
32 the four consecutive calendar quarters ending on June 30, 2006, for the
33 fiscal year 2006 calculation, and ending on June 30, 2007, for the
34 fiscal year 2007 calculation, because the social cost factor
35 contributions that employers are subject to under RCW
36 50.29.025(2)(b)(ii)(B) are less than the social cost factor

1 contributions that these employers would have been subject to if RCW
2 50.29.025(2)(b)(ii)(A) had applied to these employers; and

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

6 (c) After the requisitioning required under (b) of this subsection,
7 if applicable, moneys for the payment of regular benefits as defined in
8 RCW 50.22.010 shall be requisitioned during calendar year 2007 in the
9 following order:

10 (i) First, from the moneys credited to this state's account in the
11 unemployment trust fund pursuant to section 903 of the social security
12 act, as amended in section 209 of the temporary extended unemployment
13 compensation act of 2002 (42 U.S.C. Sec. 1103(d)), the amount equal to
14 the amount of benefits paid under RCW 50.20.120(2)(c)(ii) beginning on
15 the first Sunday following the day on which the governor signs this act
16 and ending on June 30, 2007, that exceed the amount of benefits that
17 would have been paid if the weekly benefit amount had been determined
18 as one percent of the total wages paid in the individual's base year;
19 and

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

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

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

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

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

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

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

35 (5) Money credited to the account of this state pursuant to section
36 903 of the social security act, as amended, may not be withdrawn or
37 used except for the payment of benefits and for the payment of expenses
38 of administration and of public employment offices pursuant to RCW

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

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

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

19 (1) By October 1, 2006, and October 1, 2007, the employment
20 security department must report to the appropriate committees of the
21 legislature on the impact, or projected impact, of sections 2 and 3,
22 chapter ..., Laws of 2005 (sections 2 and 3 of this act) on the
23 unemployment trust fund in the three consecutive fiscal years beginning
24 with the year before the report date.

25 (2) This section expires January 1, 2008.

26 NEW SECTION. **Sec. 8.** To establish additional capacity within the
27 employment security department, the department is authorized to add two
28 full-time equivalent employees to develop economic models for
29 estimating the impacts of policy changes on the unemployment insurance
30 system and the unemployment trust fund.

31 NEW SECTION. **Sec. 9.** (1)(a) The joint legislative task force on
32 unemployment insurance benefit equity is established. The joint
33 legislative task force shall consist of the following members:

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

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

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

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

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

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

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

27 (b) Legislative members of the task force shall be reimbursed for
28 travel expenses in accordance with RCW 44.04.120. Nonlegislative
29 members, except those representing an employer or organization, are
30 entitled to be reimbursed for travel expenses in accordance with RCW
31 43.03.050 and 43.03.060.

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

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

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

1 NEW SECTION. **Sec. 10.** (1) Section 2 of this act expires June 30,
2 2007.

3 (2) It is the intent of the legislature that the expiration of
4 sections or subsections of this act results in those sections of law
5 being returned to the law in effect immediately before the effective
6 date of this act.

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

17 NEW SECTION. **Sec. 12.** This act is necessary for the immediate
18 preservation of the public peace, health, or safety, or support of the
19 state government and its existing public institutions, and takes effect
20 immediately."

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By Senators Doumit, Kohl-Welles

PULLED 04/15/2005

21 On page 1, line 2 of the title, after "system;" strike the
22 remainder of the title and insert "amending RCW 50.01.010, 50.20.120,
23 50.29.021, 50.29.025, and 50.16.030; adding a new section to chapter
24 50.29 RCW; creating new sections; providing expiration dates; and
25 declaring an emergency."

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