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ENGROSSED HOUSE BILL 2255

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State of Washington                      59th Legislature                      2005 Regular Session

By Representatives Conway, Simpson and Wood

Read first time 03/01/2005. Referred to Committee on Commerce & Labor.

1            AN ACT Relating to making adjustments to improve benefit equity in  
2 the unemployment insurance system; amending RCW 50.01.010, 50.20.120,  
3 50.29.025, and 50.16.030; adding a new section to chapter 50.29 RCW;  
4 creating new sections; providing expiration dates; and declaring an  
5 emergency.

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

7            NEW SECTION.    **Sec. 1.** The legislature finds that the unemployment  
8 insurance system was created to set aside unemployment reserves to be  
9 used for the benefit of persons who are unemployed through no fault of  
10 their own and to maintain purchasing power and limit the social  
11 consequences of unemployment. The legislature further finds that the  
12 system is falling short of these goals by failing to recognize the  
13 importance of applying liberal construction for the purpose of reducing  
14 involuntary unemployment, and the suffering caused by it, to the  
15 minimum, and by failing to provide equitable benefits to unemployed  
16 workers. The legislature also recognizes the desirability of managing  
17 the system to take into account the goal of reducing costs to foster a  
18 competitive business climate. The legislature intends to adjust the  
19 balance between these goals by reinstating the requirement for liberal

1 construction and making other adjustments in the system that will allow  
2 reasonable improvements in benefit equity, including reinstating a  
3 weekly benefit calculation based on the wages in the two quarters of  
4 the claimant's base year in which wages were the highest. The  
5 legislature finds that these adjustments are critical to the health and  
6 welfare of unemployed workers, and to the purchasing power essential to  
7 the economic health and welfare of communities and the state, and  
8 should be implemented as soon as feasible.

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

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

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

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

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

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

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

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

34 (ii) With respect to claims with an effective date on or after the  
35 first Sunday following the day on which the governor signs this act,  
36 and before July 1, 2007, an individual's weekly benefit amount shall be  
37 an amount equal to three and eighty-five one-hundredths percent of the

1 average quarterly wages of the individual's total wages during the two  
2 quarters of the individual's base year in which such total wages were  
3 highest.

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

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

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

16 (b) The minimum amount payable weekly shall be fifteen percent of  
17 the "average weekly wage" for the calendar year preceding such June  
18 30th.

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

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

24 (1) Except as provided in subsection (2) of this section, the  
25 contribution rate for each employer subject to contributions under RCW  
26 50.24.010 shall be determined under this subsection.

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

35 (b) The interval of the fund balance ratio, expressed as a  
36 percentage, shall determine which tax schedule in (e) of this

1 subsection shall be in effect for assigning tax rates for the rate  
2 year. The intervals for determining the effective tax schedule shall  
3 be:

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

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

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

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

		Percent of Cumulative Schedules of Contributions Rates Taxable Payrolls for Effective Tax Schedule									
		Rate									
From	To Class	AA	A	B	C	D	E	F			
0.00	5.00	1	0.47	0.47	0.57	0.97	1.47	1.87	2.47		
5.01	10.00	2	0.47	0.47	0.77	1.17	1.67	2.07	2.67		
10.01	15.00	3	0.57	0.57	0.97	1.37	1.77	2.27	2.87		
15.01	20.00	4	0.57	0.73	1.11	1.51	1.90	2.40	2.98		
20.01	25.00	5	0.72	0.92	1.30	1.70	2.09	2.59	3.08		
25.01	30.00	6	0.91	1.11	1.49	1.89	2.29	2.69	3.18		
30.01	35.00	7	1.00	1.29	1.69	2.08	2.48	2.88	3.27		
35.01	40.00	8	1.19	1.48	1.88	2.27	2.67	3.07	3.47		
40.01	45.00	9	1.37	1.67	2.07	2.47	2.87	3.27	3.66		
45.01	50.00	10	1.56	1.86	2.26	2.66	3.06	3.46	3.86		
50.01	55.00	11	1.84	2.14	2.45	2.85	3.25	3.66	3.95		
55.01	60.00	12	2.03	2.33	2.64	3.04	3.44	3.85	4.15		
60.01	65.00	13	2.22	2.52	2.83	3.23	3.64	4.04	4.34		
65.01	70.00	14	2.40	2.71	3.02	3.43	3.83	4.24	4.54		
70.01	75.00	15	2.68	2.90	3.21	3.62	4.02	4.43	4.63		
75.01	80.00	16	2.87	3.09	3.42	3.81	4.22	4.53	4.73		
80.01	85.00	17	3.27	3.47	3.77	4.17	4.57	4.87	4.97		
85.01	90.00	18	3.67	3.87	4.17	4.57	4.87	4.97	5.17		
90.01	95.00	19	4.07	4.27	4.57	4.97	5.07	5.17	5.37		
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) 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  
34 array calculation factor rate and the graduated social cost factor rate  
35 may not exceed six and five tenths percent or, for employers whose  
36 standard industrial classification code is within major group "01,"  
37 "02," "07," "091," "203," "209," or "5148," or the equivalent code in

1 ~~the North American industry classification system code, may not exceed~~  
2 ~~six percent))):~~

- 3 ((A)) (I) Rate class 1 - 78 percent;
- 4 ((B)) (II) Rate class 2 - 82 percent;
- 5 ((C)) (III) Rate class 3 - 86 percent;
- 6 ((D)) (IV) Rate class 4 - 90 percent;
- 7 ((E)) (V) Rate class 5 - 94 percent;
- 8 ((F)) (VI) Rate class 6 - 98 percent;
- 9 ((G)) (VII) Rate class 7 - 102 percent;
- 10 ((H)) (VIII) Rate class 8 - 106 percent;
- 11 ((I)) (IX) Rate class 9 - 110 percent;
- 12 ((J)) (X) Rate class 10 - 114 percent;
- 13 ((K)) (XI) Rate class 11 - 118 percent; and
- 14 ((L)) (XII) Rate classes 12 through 40 - 120 percent.

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

18 (I) For contributions assessed beginning July 1, 2005, through June  
19 30, 2007, for employers whose North American industry classification  
20 system code is "111," "112," "115," "3114," "3117," "42448," or  
21 "49312," the graduated social cost factor rate is zero; and

22 (II) The sum of an employer's array calculation factor rate and the  
23 graduated social cost factor rate may not exceed six percent for  
24 employers whose North American industry classification system code is  
25 "1141," and, for periods not covered by (b)(ii)(B)(I) of this  
26 subsection, for employers whose North American industry classification  
27 system code is "111," "112," "115," "3114," "3117," or "42448."

28 (iii) For the purposes of this section:

29 (A) "Total social cost" means:

30 (I) Except as provided in (b)(iii)(A)(II) of this subsection, the  
31 amount calculated by subtracting the array calculation factor  
32 contributions paid by all employers with respect to the four  
33 consecutive calendar quarters immediately preceding the computation  
34 date and paid to the employment security department by the cut-off date  
35 from the total unemployment benefits paid to claimants in the same four  
36 consecutive calendar quarters. To calculate the flat social cost  
37 factor for rate year 2005, the commissioner shall calculate the total  
38 social cost using the array calculation factor contributions that would

1 have been required to be paid by all employers in the calculation  
2 period if (a) of this subsection had been in effect for the relevant  
3 period.

4 (II) For rate year 2007, the amount calculated under (b)(iii)(A)(I)  
5 of this subsection reduced by the amount of benefits charged that  
6 exceed the contributions paid in the four consecutive calendar quarters  
7 immediately preceding the applicable computation date because, as  
8 applicable, specified employers are subject to the social cost  
9 contributions under (b)(ii)(B)(I) of this subsection, and/or because  
10 the social cost factor contributions are paid under (b)(i)(D)(II) of  
11 this subsection.

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

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

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

29 (ii) For all other employers not qualified to be in the array, the  
30 array calculation factor rate shall be a rate equal to the average  
31 industry array calculation factor rate as determined by the  
32 commissioner, plus fifteen percent of that amount; however, the rate  
33 may not be less than one percent or more than the array calculation  
34 factor rate in rate class 40.

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

37 (i) For employers whose array calculation factor rate is determined

1 under (c)(i) of this subsection, the social cost factor rate shall be  
2 the social cost factor rate assigned to rate class 40 under (b)(ii) of  
3 this subsection.

4 (ii) For employers whose array calculation factor rate is  
5 determined under (c)(ii) of this subsection, the social cost factor  
6 rate shall be a rate equal to the average industry social cost factor  
7 rate as determined by the commissioner, plus fifteen percent of that  
8 amount, but not more than the social cost factor rate assigned to rate  
9 class 40 under (b)(ii) of this subsection.

10 (3) Assignment of employers by the commissioner to industrial  
11 classification, for purposes of this section, shall be in accordance  
12 with established classification practices found in the "Standard  
13 Industrial Classification Manual" issued by the federal office of  
14 management and budget to the third digit provided in the standard  
15 industrial classification code, or in the North American industry  
16 classification system code.

17 **Sec. 5.** RCW 50.16.030 and 1999 c 36 s 1 are each amended to read  
18 as follows:

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

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

36 (i) First, from the moneys credited to this state's account in the  
37 unemployment trust fund pursuant to section 903 of the social security

1 act, as amended in section 209 of the temporary extended unemployment  
2 compensation act of 2002 (42 U.S.C. Sec. 1103(d)), the amount equal to  
3 the amount of benefits charged that exceed the contributions paid in  
4 the four consecutive calendar quarters ending on June 30, 2006, for the  
5 fiscal year 2006 calculation, and ending on June 30, 2007, for the  
6 fiscal year 2007 calculation, because the social cost factor  
7 contributions that employers are subject to under RCW  
8 50.29.025(2)(b)(ii)(B)(I) are less than the social cost factor  
9 contributions that would have applied to these employers under RCW  
10 50.29.025(2)(b)(ii)(B)(II); and

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

14 (c) After the requisitioning required under (b) of this subsection,  
15 if applicable, during calendar years 2006 and 2007, moneys for the  
16 payment of regular benefits as defined in RCW 50.22.010 shall be  
17 requisitioned in the following order:

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

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

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

1 (3) Any balance of moneys requisitioned from the unemployment trust  
2 fund which remains unclaimed or unpaid in the benefit account after the  
3 expiration of the period for which sums were requisitioned shall either  
4 be deducted from estimates for, and may be utilized for the payment of,  
5 benefits during succeeding periods, or in the discretion of the  
6 commissioner, shall be redeposited with the secretary of the treasury  
7 of the United States of America to the credit of this state's account  
8 in the unemployment trust fund.

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

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

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

22 (c) Limits the amount which may be obligated during a twelve-month  
23 period beginning on July 1st and ending on the next June 30th to an  
24 amount which does not exceed the amount by which (i) the aggregate of  
25 the amounts credited to the account of this state pursuant to section  
26 903 of the social security act, as amended, during the same twelve-  
27 month period and the thirty-four preceding twelve-month periods,  
28 exceeds (ii) the aggregate of the amounts obligated pursuant to RCW  
29 50.16.030 (4), (5) and (6) and charged against the amounts credited to  
30 the account of this state during any of such thirty-five twelve-month  
31 periods. For the purposes of RCW 50.16.030 (4), (5) and (6), amounts  
32 obligated during any such twelve-month period shall be charged against  
33 equivalent amounts which were first credited and which are not already  
34 so charged; except that no amount obligated for administration during  
35 any such twelve-month period may be charged against any amount credited  
36 during such a twelve-month period earlier than the thirty-fourth  
37 twelve-month period preceding such period: PROVIDED, That any amount  
38 credited to this state's account under section 903 of the social

1 security act, as amended, which has been appropriated for expenses of  
2 administration, whether or not withdrawn from the trust fund shall be  
3 excluded from the unemployment compensation fund balance for the  
4 purpose of experience rating credit determination.

5 (5) Money credited to the account of this state pursuant to section  
6 903 of the social security act, as amended, may not be withdrawn or  
7 used except for the payment of benefits and for the payment of expenses  
8 of administration and of public employment offices pursuant to RCW  
9 50.16.030 (4), (5) and (6). However, moneys credited because of excess  
10 amounts in federal accounts in federal fiscal years 1999, 2000, and  
11 2001 shall be used solely for the administration of the unemployment  
12 compensation program and are not subject to appropriation by the  
13 legislature for any other purpose.

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

25 NEW SECTION. **Sec. 6.** A new section is added to chapter 50.29 RCW  
26 to read as follows:

27 (1) By October 1, 2006, and October 1, 2007, the employment  
28 security department must report to the appropriate committees of the  
29 legislature on the impact, or projected impact, of sections 2 and 3,  
30 chapter ..., Laws of 2005 (sections 2 and 3 of this act) on the  
31 unemployment trust fund in the three consecutive fiscal years beginning  
32 with the year before the report date.

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

34 NEW SECTION. **Sec. 7.** To establish additional capacity within the  
35 employment security department, the department is authorized to add two

1 full-time equivalent employees to develop economic models for  
2 estimating the impacts of policy changes on the unemployment insurance  
3 system and the unemployment trust fund.

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

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

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

11 (iii) Four members representing business, selected from nominations  
12 submitted by statewide business organizations representing a cross-  
13 section of industries and appointed jointly by the president of the  
14 senate and the speaker of the house of representatives; and

15 (iv) Four members representing labor, selected from nominations  
16 submitted by statewide labor organizations representing a cross-section  
17 of industries and appointed jointly by the president of the senate and  
18 the speaker of the house of representatives.

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

23 (2) The task force shall review the unemployment insurance system,  
24 including, but not limited to, whether the benefit structure provides  
25 for equitable benefits, whether the structure fairly accounts for  
26 changes in the work force and industry work patterns, including  
27 seasonality, and for claimants' annual work patterns, whether the tax  
28 structure provides for an equitable distribution of taxes, and whether  
29 the trust fund is adequate in the long term.

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

35 (b) Legislative members of the task force shall be reimbursed for  
36 travel expenses in accordance with RCW 44.04.120. Nonlegislative

1 members, except those representing an employer or organization, are  
2 entitled to be reimbursed for travel expenses in accordance with RCW  
3 43.03.050 and 43.03.060.

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

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

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

9 NEW SECTION. **Sec. 9.** (1) Section 2 of this act expires June 30,  
10 2007.

11 (2) It is the intent of the legislature that the expiration of  
12 sections or subsections of this act results in those sections of law  
13 being returned to the law in effect immediately before the effective  
14 date of this act.

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

25 NEW SECTION. **Sec. 11.** This act is necessary for the immediate  
26 preservation of the public peace, health, or safety, or support of the  
27 state government and its existing public institutions, and takes effect  
28 immediately.

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