
SUBSTITUTE SENATE BILL 6885

State of Washington

59th Legislature

2006 Regular Session

By Senate Committee on Labor, Commerce, Research & Development
(originally sponsored by Senators Kohl-Welles, McAuliffe, Thibaudeau,
Keiser and Fairley)

READ FIRST TIME 02/06/06.

1 AN ACT Relating to unemployment insurance; amending RCW 50.20.120,
2 50.24.010, 50.29.025, 50.29.041, 50.16.030, and 50.29.021; creating new
3 sections; repealing 2005 c 133 s 10 (uncodified); and declaring an
4 emergency.

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

6 **Sec. 1.** RCW 50.20.120 and 2005 c 133 s 3 are each amended to read
7 as follows:

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

18 (b) With respect to claims that have an effective date on or after
19 the first Sunday of the calendar month immediately following the month

1 in which the commissioner finds that the state unemployment rate is six
2 and eight-tenths percent or less, benefits shall be payable to any
3 eligible individual during the individual's benefit year in a maximum
4 amount equal to the lesser of twenty-six times the weekly benefit
5 amount, as determined in subsection (2) of this section, or one-third
6 of the individual's base year wages under this title.

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

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

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

22 (ii) With respect to claims with an effective date on or after the
23 first Sunday following April 22, 2005, (~~and before July 1, 2007,~~) an
24 individual's weekly benefit amount shall be an amount equal to three
25 and eighty-five one-hundredths percent of the average quarterly wages
26 of the individual's total wages during the two quarters of the
27 individual's base year in which such total wages were highest.

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

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

35 (ii) With respect to claims that have an effective date on or after
36 January 4, 2004, the maximum amount payable weekly shall be either four
37 hundred ninety-six dollars or sixty-three percent of the "average

1 weekly wage" for the calendar year preceding such June 30th, whichever
2 is greater.

3 (b) The minimum amount payable weekly shall be fifteen percent of
4 the "average weekly wage" for the calendar year preceding such June
5 30th.

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

9 **Sec. 2.** RCW 50.24.010 and 2000 c 2 s 2 are each amended to read as
10 follows:

11 (1) Contributions shall accrue and become payable by each employer
12 (except employers as described in RCW 50.44.010 who have properly
13 elected to make payments in lieu of contributions and those employers
14 who are required to make payments in lieu of contributions) for each
15 calendar year in which the employer is subject to this title at the
16 rate established pursuant to chapter 50.29 RCW.

17 (2) In each rate year, the amount of wages subject to tax for each
18 individual shall be one hundred fifteen percent of the amount of wages
19 subject to tax for the previous year rounded to the next lower one
20 hundred dollars, except that:

21 (a) Through rate year 2006, the amount of wages subject to tax in
22 any rate year shall not exceed eighty percent of the "average annual
23 wage for contributions purposes" for the second preceding calendar year
24 rounded to the next lower one hundred dollars. ~~((However, the amount
25 subject to tax shall be twenty four thousand three hundred dollars for
26 rate year 2000.))~~

27 (b) For rate year 2007 and thereafter, the amount of wages subject
28 to tax in any rate year shall not exceed seventy-five percent of the
29 "average annual wage for contributions purposes" for the second
30 preceding calendar year rounded to the next lower one hundred dollars.

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

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

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

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

14 **Sec. 3.** RCW 50.29.025 and 2005 c 133 s 5 are each amended to read
15 as follows:

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

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

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

32	Interval of the	
33	Fund Balance Ratio	Effective
34	Expressed as a Percentage	Tax Schedule
35	2.90 and above	AA

1	2.10 to 2.89	A
2	1.70 to 2.09	B
3	1.40 to 1.69	C
4	1.00 to 1.39	D
5	0.70 to 0.99	E
6	Less than 0.70	F

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

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

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

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Percent of		Schedules of Contributions Rates							
Cumulative		for Effective Tax Schedule							
Taxable Payrolls									
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

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

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

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

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

36 (2) Beginning with contributions assessed for rate year 2005, the
37 contribution rate for each employer subject to contributions under RCW
38 50.24.010 shall be the sum of the array calculation factor rate and the
39 graduated social cost factor rate determined under this subsection, and
40 the solvency surcharge determined under RCW 50.29.041, if any.

1 (a) The array calculation factor rate shall be determined as
2 follows:

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

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

	Benefit Ratio		Rate	Rate
	At least	Less than	Class	(percent)
14		0.000001	1	0.00
15				
16		0.000001	2	0.13
17	0.000001	0.001250		
18	0.001250	0.002500	3	0.25
19	0.002500	0.003750	4	0.38
20	0.003750	0.005000	5	0.50
21	0.005000	0.006250	6	0.63
22	0.006250	0.007500	7	0.75
23	0.007500	0.008750	8	0.88
24	0.008750	0.010000	9	1.00
25	0.010000	0.011250	10	1.15
26	0.011250	0.012500	11	1.30
27	0.012500	0.013750	12	1.45
28	0.013750	0.015000	13	1.60
29	0.015000	0.016250	14	1.75
30	0.016250	0.017500	15	1.90
31	0.017500	0.018750	16	2.05
32	0.018750	0.020000	17	2.20
33	0.020000	0.021250	18	2.35
34	0.021250	0.022500	19	2.50
35	0.022500	0.023750	20	2.65
36	0.023750	0.025000	21	2.80

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

20 (b) The graduated social cost factor rate shall be determined as
21 follows:

22 (i)(A) Except as provided in (b)(i)(B)((~~7~~)) and (C)((~~7~~ and (~~D~~))) of
23 this subsection, the commissioner shall calculate the flat social cost
24 factor for a rate year by dividing the total social cost by the total
25 taxable payroll. The division shall be carried to the second decimal
26 place with the remaining fraction disregarded unless it amounts to five
27 hundredths or more, in which case the second decimal place shall be
28 rounded to the next higher digit. The flat social cost factor shall be
29 expressed as a percentage.

30 (B) If, on the cut-off date, the balance in the unemployment
31 compensation fund is determined by the commissioner to be an amount
32 that will provide more than ((~~ten~~)) the months of unemployment benefits
33 specified as follows, the commissioner shall calculate the flat social
34 cost factor for the rate year immediately following the cut-off date
35 by:

36 (I) If more than ten months but less than twelve months, reducing
37 the total social cost by the dollar amount that represents the number
38 of months for which the balance in the unemployment compensation fund

1 on the cut-off date will provide benefits above ten months and dividing
2 the result by the total taxable payroll. However, the calculation
3 under this subsection (2)(b)(i)(B)(I) for a rate year may not result in
4 a flat social cost factor that is more than two-tenths lower than the
5 calculation under (b)(i)(A) of this subsection for that rate year.

6 (II) If at least twelve months but less than fourteen months,
7 reducing the total social cost by the dollar amount that represents the
8 number of months for which the balance in the unemployment compensation
9 fund on the cut-off date will provide benefits above twelve months and
10 dividing the result by the total taxable payroll. However, the
11 calculation under this subsection (2)(b)(i)(B)(II) for a rate year may
12 not result in a flat social cost factor that is more than three-tenths
13 lower than the calculation under (b)(i)(A) of this subsection for that
14 rate year.

15 (III) If fourteen months or more, reducing the total social cost by
16 the dollar amount that represents the number of months for which the
17 balance in the unemployment compensation fund on the cut-off date will
18 provide benefits above fourteen months and dividing the result by the
19 total taxable payroll. However, the calculation under this subsection
20 (2)(b)(i)(B)(III) for a rate year may not result in a flat social cost
21 factor that is more than four-tenths lower than the calculation under
22 (b)(i)(A) of this subsection for that rate year.

23 For the purposes of this subsection, the commissioner shall
24 determine the number of months of unemployment benefits in the
25 unemployment compensation fund using the benefit cost rate for the
26 average of the three highest calendar benefit cost rates in the twenty
27 consecutive completed calendar years immediately preceding the cut-off
28 date or a period of consecutive calendar years immediately preceding
29 the cut-off date that includes three recessions, if longer.

30 (C) The minimum flat social cost factor calculated under this
31 subsection (2)(b) shall be six-tenths of one percent, except that if
32 the flat social cost factor is calculated:

33 (I) Under (b)(i)(B)(II) of this subsection, the minimum shall be
34 fifty-five one-hundredths of one percent; or

35 (II) Under (b)(i)(B)(III) of this subsection, the minimum shall be
36 five-tenths of one percent.

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

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

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

6 (ii)(A) Except as provided in (b)(ii)(B) of this subsection, the
7 graduated social cost factor rate for each employer in the array is the
8 flat social cost factor multiplied by the percentage specified as
9 follows for the rate class to which the employer has been assigned in
10 (a)(ii) of this subsection, except that the sum of an employer's array
11 calculation factor rate and the graduated social cost factor rate may
12 not exceed six and five-tenths percent or, for employers whose North
13 American industry classification system code is within "111," "112,"
14 "1141," "115," "3114," "3117," or "42448," may not exceed six percent
15 through rate year 2006 and may not exceed five and seven-tenths percent
16 for rate year 2007 and thereafter:

17 (I) Rate class 1 - 78 percent;

18 (II) Rate class 2 - 82 percent;

19 (III) Rate class 3 - 86 percent;

20 (IV) Rate class 4 - 90 percent;

21 (V) Rate class 5 - 94 percent;

22 (VI) Rate class 6 - 98 percent;

23 (VII) Rate class 7 - 102 percent;

24 (VIII) Rate class 8 - 106 percent;

25 (IX) Rate class 9 - 110 percent;

26 (X) Rate class 10 - 114 percent;

27 (XI) Rate class 11 - 118 percent; and

28 (XII) Rate classes 12 through 40 - 120 percent.

29 (B) For contributions assessed beginning July 1, 2005, through June
30 30, ~~((2007))~~ 2006, for employers whose North American industry
31 classification system code is "111," "112," "1141," "115," "3114,"
32 "3117," "42448," or "49312," the graduated social cost factor rate is
33 zero.

34 (iii) For the purposes of this section:

35 (A) "Total social cost" means((+)

36 ~~(I) Except as provided in (b)(iii)(A)(II) of this subsection,~~) the
37 amount calculated by subtracting the array calculation factor
38 contributions paid by all employers with respect to the ~~((four))~~

1 sixteen consecutive calendar quarters immediately preceding the
2 computation date and paid to the employment security department by the
3 cut-off date from the total unemployment benefits paid to claimants in
4 the same (~~four~~) sixteen consecutive calendar quarters. To calculate
5 the flat social cost factor for rate year 2005, the commissioner shall
6 calculate the total social cost using the array calculation factor
7 contributions that would have been required to be paid by all employers
8 in the calculation period if (a) of this subsection had been in effect
9 for the relevant period.

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

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

23 (c) The array calculation factor rate for each employer not
24 qualified to be in 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 an array calculation factor rate two-tenths higher than that
28 in rate class 40, except employers who have an approved agency-deferred
29 payment contract by September 30th of the previous rate year. If any
30 employer with an approved agency-deferred payment contract fails to
31 make any one of the succeeding deferred payments or fails to submit any
32 succeeding tax report and payment in a timely manner, the employer's
33 tax rate shall immediately revert to an array calculation factor rate
34 two-tenths higher than that in rate class 40; and

35 (ii) For all other employers not qualified to be in the array, the
36 array calculation factor rate shall be a rate equal to the average
37 industry array calculation factor rate as determined by the

1 commissioner, plus fifteen percent of that amount; however, the rate
2 may not be less than one percent or more than the array calculation
3 factor rate in rate class 40.

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

6 (i) For employers whose array calculation factor rate is determined
7 under (c)(i) of this subsection, the social cost factor rate shall be
8 the social cost factor rate assigned to rate class 40 under (b)(ii) of
9 this subsection.

10 (ii) For employers whose array calculation factor rate is
11 determined under (c)(ii) of this subsection, the social cost factor
12 rate shall be a rate equal to the average industry social cost factor
13 rate as determined by the commissioner, plus fifteen percent of that
14 amount, but not more than the social cost factor rate assigned to rate
15 class 40 under (b)(ii) of this subsection.

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

23 **Sec. 4.** RCW 50.29.041 and 2003 2nd sp.s. c 4 s 16 are each amended
24 to read as follows:

25 Beginning with contributions assessed for rate year 2005, the
26 contribution rate of each employer subject to contributions under RCW
27 50.24.010 shall include a solvency surcharge determined as follows:

28 (1) This section shall apply to employers' contributions for a rate
29 year immediately following a cut-off date only if, on the cut-off date,
30 the balance in the unemployment compensation fund is determined by the
31 commissioner to be an amount that will provide fewer than (~~six~~) eight
32 months of unemployment benefits.

33 (2) The solvency surcharge shall be the lowest rate necessary, as
34 determined by the commissioner, but not more than two-tenths of one
35 percent, to provide revenue during the applicable rate year that will
36 fund unemployment benefits for the number of months that is the

1 difference between (~~eight~~) ten months and the number of months for
2 which the balance in the unemployment compensation fund on the cut-off
3 date will provide benefits.

4 (3) The basis for determining the number of months of unemployment
5 benefits shall be the same basis used in RCW 50.29.025(2)(b)(i)(B).

6 **Sec. 5.** RCW 50.16.030 and 2005 c 133 s 6 are each amended to read
7 as follows:

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

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

26 (i) First, from the moneys credited to this state's account in the
27 unemployment trust fund pursuant to section 903 of the social security
28 act, as amended in section 209 of the temporary extended unemployment
29 compensation act of 2002 (42 U.S.C. Sec. 1103(d)), the amount equal to
30 the amount of benefits charged that exceed the contributions paid in
31 the four consecutive calendar quarters ending on June 30, 2006, (~~for~~
32 ~~the fiscal year 2006 calculation, and ending on June 30, 2007, for the~~
33 ~~fiscal year 2007 calculation,~~) because the social cost factor
34 contributions that employers are subject to under RCW
35 50.29.025(2)(b)(ii)(B) are less than the social cost factor
36 contributions that these employers would have been subject to if RCW
37 50.29.025(2)(b)(ii)(A) had applied to these employers; and

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

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

8 ~~(i) First, from the moneys credited to this state's account in the
9 unemployment trust fund pursuant to section 903 of the social security
10 act, as amended in section 209 of the temporary extended unemployment
11 compensation act of 2002 (42 U.S.C. Sec. 1103(d)), the amount equal to
12 the amount of benefits paid under RCW 50.20.120(2)(c)(ii) beginning on
13 the first Sunday following April 22, 2005, and ending on June 30, 2007,
14 that exceed the amount of benefits that would have been paid if the
15 weekly benefit amount had been determined as one percent of the total
16 wages paid in the individual's base year; and~~

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

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

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

36 (4) Money credited to the account of this state in the unemployment
37 trust fund by the secretary of the treasury of the United States of
38 America pursuant to section 903 of the social security act, as amended,

1 may be requisitioned and used for the payment of expenses incurred for
2 the administration of this title pursuant to a specific appropriation
3 by the legislature, provided that the expenses are incurred and the
4 money is requisitioned after the enactment of an appropriation law
5 which:

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

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

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

32 (5) Money credited to the account of this state pursuant to section
33 903 of the social security act, as amended, may not be withdrawn or
34 used except for the payment of benefits and for the payment of expenses
35 of administration and of public employment offices pursuant to RCW
36 50.16.030 (4), (5) and (6). However, moneys credited because of excess
37 amounts in federal accounts in federal fiscal years 1999, 2000, and

1 2001 shall be used solely for the administration of the unemployment
2 compensation program and are not subject to appropriation by the
3 legislature for any other purpose.

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

15 **Sec. 6.** RCW 50.29.021 and 2005 c 133 s 4 are each amended to read
16 as follows:

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

20 (2)(a) An experience rating account shall be established and
21 maintained for each employer, except employers as described in RCW
22 50.44.010 and 50.44.030 who have properly elected to make payments in
23 lieu of contributions, taxable local government employers as described
24 in RCW 50.44.035, and those employers who are required to make payments
25 in lieu of contributions, based on existing records of the employment
26 security department.

27 (b) Benefits paid to an eligible individual shall be charged to the
28 experience rating accounts of each of such individual's employers
29 during the individual's base year in the same ratio that the wages paid
30 by each employer to the individual during the base year bear to the
31 wages paid by all employers to that individual during that base year,
32 except as otherwise provided in this section.

33 (c) When the eligible individual's separating employer is a covered
34 contribution paying base year employer, benefits paid to the eligible
35 individual shall be charged to the experience rating account of only
36 the individual's separating employer if the individual qualifies for
37 benefits under:

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

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

4 (3) The legislature finds that certain benefit payments, in whole
5 or in part, should not be charged to the experience rating accounts of
6 employers except those employers described in RCW 50.44.010 and
7 50.44.030 who have properly elected to make payments in lieu of
8 contributions, taxable local government employers described in RCW
9 50.44.035, and those employers who are required to make payments in
10 lieu of contributions, as follows:

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

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

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

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

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

25 (d) In the case of individuals who requalify for benefits under RCW
26 50.20.050 or 50.20.060, benefits based on wage credits earned prior to
27 the disqualifying separation shall not be charged to the experience
28 rating account of the contribution paying employer from whom that
29 separation took place.

30 (e) Individuals who qualify for benefits under RCW
31 50.20.050(2)(b)(iv), as applicable, shall not have their benefits
32 charged to the experience rating account of any contribution paying
33 employer.

34 (f) With respect to claims with an effective date on or after the
35 first Sunday following April 22, 2005, and before July (~~(1, 2007)~~) 2,
36 2006, benefits paid that exceed the benefits that would have been paid
37 if the weekly benefit amount for the claim had been determined as one

1 percent of the total wages paid in the individual's base year shall not
2 be charged to the experience rating account of any contribution paying
3 employer.

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

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

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

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

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

25 (b) The employer requesting relief of charges under this subsection
26 must request relief in writing within thirty days following mailing to
27 the last known address of the notification of the valid initial
28 determination of such claim, stating the date and reason for the
29 separation or the circumstances of continued employment. The
30 commissioner, upon investigation of the request, shall determine
31 whether relief should be granted.

32 NEW SECTION. **Sec. 7.** In June 2005, the employment security
33 department issued a report regarding the impact of chapter 4, Laws of
34 2003 2nd sp. sess. on the voluntary quit provision changes contained in
35 the act. The report indicated that a number of the changes seemed to
36 disproportionately impact women, although the department indicated that
37 because chapter 4, Laws of 2003 2nd sp. sess. had gone into effect less

1 than a year before the report was due, it did not have sufficient data
2 to definitively state the impact of the voluntary quit provisions. The
3 department is directed to continue this study from the effective date
4 of the voluntary quit provisions of chapter 4, Laws of 2003 2nd sp.
5 sess. to September 30, 2006, and report to the appropriate committees
6 of the legislature by December 15, 2006.

7 NEW SECTION. **Sec. 8.** 2005 c 133 s 10 (uncodified) is repealed.

8 NEW SECTION. **Sec. 9.** Sections 3 and 4 of this act apply to rate
9 years beginning on or after January 1, 2007.

10 NEW SECTION. **Sec. 10.** If any provision of this act or its
11 application to any person or circumstance is held invalid, the
12 remainder of the act or the application of the provision to other
13 persons or circumstances is not affected.

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

24 NEW SECTION. **Sec. 12.** This act is necessary for the immediate
25 preservation of the public peace, health, or safety, or support of the
26 state government and its existing public institutions, and takes effect
27 immediately.

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