H-4998.1	

State of Washington

HOUSE BILL 3305

60th Legislature

2008 Regular Session

By Representatives Dickerson, Conway, Green, Appleton, and Sells Read first time 01/29/08. Referred to Committee on Commerce & Labor.

AN ACT Relating to implementing the family leave insurance program, 1 2 but only with respect to designating agencies to administer and enforce 3 the program, adopting government efficiencies to improve program administration and reduce program costs, tracking and mitigating any 4 5 impacts on the unemployment compensation system, addressing the manner in which leave is coordinated, and implementing other task force 6 7 recommendations; amending RCW 49.86.010, 49.86.020, 49.86.030, 49.86.050, 49.86.060, 49.86.070, 49.86.090, 49.86.110, 49.86.120, 8 9 49.86.160, 49.86.170, 49.86.190, 49.86.210, 49.86.080, and 50.29.021; 10 adding a new section to chapter 49.86 RCW; creating new sections; and providing an effective date. 11

- 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 13 **Sec. 1.** RCW 49.86.010 and 2007 c 357 s 3 are each amended to read 14 as follows:
- The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.
- (1) "Application year" means the twelve-month period beginning on the first day of the calendar week in which an individual files an application for family leave insurance benefits and, thereafter, the

p. 1 HB 3305

- 1 twelve-month period beginning with the first day of the calendar week
- 2 in which the individual next files an application for family leave
- 3 insurance benefits after the expiration of the individual's last
- 4 preceding application year.

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- 5 (2) "Calendar quarter" means the same as in RCW 50.04.050.
- 6 (3) "Child" means a biological or an adopted child.
 - (4) "Commissioner" means the commissioner of the department.
- 8 <u>(5)</u> "Department" means the ((state agency to be directed to
 9 administer the family leave insurance program)) employment security
 10 department.
 - (((5) "Director" means the director of the department.))
- 12 (6) "Employer" means: (a) The same as in RCW 50.04.080; and (b) 13 the state and its political subdivisions.
 - (7) "Employment" has the meaning provided in RCW 50.04.100.
- 15 (8) "Family leave" means leave: (a) Because of the birth of a 16 child of the employee and in order to care for the child; or (b) 17 because of the placement of a child with the employee for adoption.
 - (9) "Family leave insurance benefits" means the benefits payable under RCW 49.86.050 and 49.86.060.
- 20 (10) "Federal family and medical leave act" means the federal family and medical leave act of 1993 (Act Feb. 5, 1993, P.L. 103-3, 107 22 Stat. 6).
- 23 (11) "Qualifying year" means the first four of the last five 24 completed calendar quarters or the last four completed calendar 25 quarters immediately preceding the first day of the individual's 26 application year.
- 27 (12) "Regularly working" means the average number of hours per 28 workweek that an individual worked in the two quarters of the 29 individual's qualifying year in which total wages were highest.
- 30 **Sec. 2.** RCW 49.86.020 and 2007 c 357 s 4 are each amended to read 31 as follows:
- 32 (1) The department shall establish and administer a family leave 33 insurance program and pay family leave insurance benefits as specified 34 in this chapter.
- 35 (2) The department shall establish procedures and forms for filing 36 claims for benefits under this chapter. The department shall notify

the employer within five business days of a claim being filed under RCW 49.86.030.

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- (3) The department shall use information sharing and integration technology to facilitate the disclosure of relevant information or records by the ((employment security)) department, so long as an individual consents to the disclosure as required under RCW 49.86.030(4).
- (4) Information contained in the files and records pertaining to an individual under this chapter are confidential and not open to public inspection, other than to public employees in the performance of their official duties. However, the individual or an authorized representative of an individual may review the records or receive specific information from the records on the presentation of the signed authorization of the individual. An employer or the employer's duly authorized representative may review the records of an individual employed by the employer in connection with a pending claim. department's discretion, other persons may review records when such persons are rendering assistance to the department at any stage of the proceedings on any matter pertaining to the administration of this chapter.
- (5) The department shall develop and implement an outreach program to ensure that individuals who may be eligible to receive family leave insurance benefits under this chapter are made aware of these benefits. Outreach information shall explain, in an easy to understand format, eligibility requirements, the claims process, weekly benefit amounts, maximum benefits payable, notice requirements, reinstatement and nondiscrimination rights, confidentiality, and coordination of leave under this chapter and other laws, collective bargaining agreements, and employer policies. Outreach information shall be available in English and other primary languages as defined in RCW 74.04.025.
- Sec. 3. RCW 49.86.030 and 2007 c 357 s 5 are each amended to read as follows:
- Beginning October 1, 2009, family leave insurance benefits are payable to an individual during a period in which the individual is unable to perform his or her regular or customary work because he or she is on family leave if the individual:

p. 3 HB 3305

1 (1) Files a claim for benefits ((in each week in which the 2 individual is on family leave, and)) as required by rules adopted by 3 the ((director)) commissioner;

- (2) Has been employed for at least six hundred eighty hours in employment during the individual's qualifying year;
- (3) Establishes an application year. An application year may not be established if the qualifying year includes hours worked before establishment of a previous application year;
- (4) Consents to the disclosure of information or records deemed private and confidential under chapter 50.13 RCW. Initial disclosure of this information and these records by the ((employment security)) department to the department is solely for purposes related to the administration of this chapter. Further disclosure of this information or these records is subject to RCW 49.86.020(3);
- 15 (5) Discloses whether or not he or she owes child support 16 obligations as defined in RCW 50.40.050; and
 - (6) ((Documents)) Attests that he or she has provided the employer from whom family leave is to be taken with written notice of the individual's intention to take family leave in the same manner as an employee is required to provide notice in RCW 49.78.250.
- **Sec. 4.** RCW 49.86.050 and 2007 c 357 s 7 are each amended to read 22 as follows:
 - (1) The maximum number of weeks during which family leave insurance benefits are payable in an application year is five weeks. However, benefits are not payable during a waiting period consisting of the first seven calendar days of family leave taken in an application year, whether the first seven calendar days of family leave are employer paid or unpaid.
 - (2)(a) The first payment of benefits must be made to an individual within two weeks after the claim is filed or the family leave began, whichever is later, and subsequent payments must be made semimonthly thereafter.
 - (b) The payment of benefits under this chapter shall not be considered a binding determination of the obligations of the department under this chapter. The acceptance of compensation by the individual shall likewise not be considered a binding determination of his or her rights under this chapter. Whenever any payment of benefits under this

- chapter has been made and timely appeal therefrom has been made where the final decision is that the payment was improper, the individual shall repay it and recoupment may be made from any future payment due to the individual on any claim under this chapter. The ((director)) commissioner may exercise his or her discretion to waive, in whole or in part, the amount of any such payments where the recovery would be against equity and good conscience.
 - (c) If an individual dies before he or she receives a payment of benefits, the payment shall be made by the department and distributed consistent with the terms of the decedent's will or, if the decedent dies intestate, consistent with the terms of RCW 11.04.015.
- 12 **Sec. 5.** RCW 49.86.060 and 2007 c 357 s 8 are each amended to read as follows:

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- The amount of family leave insurance benefits shall be determined as follows:
 - (1) The weekly benefit shall be two hundred fifty dollars per week for an individual who at the time of beginning family leave was regularly working thirty-five hours or more per week.
 - (2) If an individual who at the time of beginning family leave was regularly working thirty-five hours or more per week is on family leave for less than thirty-five hours but at least eight hours in a week, the individual's weekly benefit shall be .025 times the maximum weekly benefit times the number of hours of family leave taken in the week. Benefits are not payable for less than eight hours of family leave taken in a week.
 - (3) For an individual who at the time of beginning family leave was regularly working less than thirty-five hours per week, the department shall calculate a prorated schedule for a weekly benefit amount and a minimum number of hours of family leave that must be taken in a week for benefits to be payable, with the prorated schedule based on the amounts and the calculations specified under subsections (1) and (2) of this section.
 - (4) If an individual discloses that he or she owes child support obligations under RCW 49.86.030 and the department determines that the individual is eligible for benefits, the department shall notify the applicable state or local child support enforcement agency and deduct

p. 5 HB 3305

and withhold an amount from benefits in a manner consistent with RCW 2 50.40.050.

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- (((5) If the internal revenue service determines that family leave insurance benefits under this chapter are subject to federal income tax and an individual elects to have federal income tax deducted and withheld from benefits, the department shall deduct and withhold the amount specified in the federal internal revenue code in a manner consistent with RCW 49.86.070.))
- 9 **Sec. 6.** RCW 49.86.070 and 2007 c 357 s 9 are each amended to read 10 as follows:
- 11 $((\frac{(1)}{(1)}))$ If the internal revenue service determines that family 12 leave insurance benefits under this chapter are subject to federal 13 income tax, the department must advise an individual filing a $((\frac{new}{(1)}))$ 14 claim for family leave insurance benefits, at the time of filing such 15 claim, that($(\frac{1}{(1)})$)
- 16 $\frac{(a)}{(a)}$) the internal revenue service has determined that benefits are subject to federal income tax((\div
- 18 $\frac{\text{(b)}}{\text{)}}$) , and that requirements exist pertaining to estimated tax 19 payments(($\dot{\tau}$
 - (c) The individual may elect to have federal income tax deducted and withheld from the individual's payment of benefits at the amount specified in the federal internal revenue code; and
- 23 (d) The individual is permitted to change a previously elected 24 withholding status.
- 25 (2) Amounts deducted and withheld from benefits must remain in the 26 family leave insurance account until transferred to the federal taxing 27 authority as a payment of income tax.
- 28 (3) The director shall follow all procedures specified by the 29 federal internal revenue service pertaining to the deducting and 30 withholding of income tax)).
- 31 **Sec. 7.** RCW 49.86.090 and 2007 c 357 s 11 are each amended to read 32 as follows:
- 33 (1) During a period in which an individual receives family leave 34 insurance benefits or earns waiting period credits under this chapter, 35 the individual is entitled to family leave and, at the established

ending date of leave, to be restored to a position of employment with the employer from whom leave was taken.

- (2) The individual entitled to leave under this section shall be restored to a position of employment in the same manner as an employee entitled to leave under chapter 49.78 RCW is restored to a position of employment, as specified in RCW 49.78.280.
 - (3) This section applies only to an individual if:

- (a) The employer from whom the individual takes family leave employs more than twenty-five employees for each working day during each of twenty or more calendar workweeks in the current or preceding calendar year; and
- (b) The individual has been employed for at least twelve months by that employer, and for at least one thousand two hundred fifty hours of service with that employer during the previous twelve-month period.
- (4) This section does not apply if the employment from which the individual takes family leave is with a staffing company and the individual is assigned on a temporary basis to perform work at or services for another organization to support or supplement the other organization's workforces, or to provide assistance in special work situations such as, but not limited to, employee absences, skill shortages, seasonal workloads, or to perform special assignments or projects, all under the direction and supervision of the organization to which the individual is assigned.
- 24 <u>(5)</u> This section shall be enforced <u>by the department of labor and</u> 25 <u>industries</u> as provided in chapter 49.78 RCW.
 - Sec. 8. RCW 49.86.110 and 2007 c 357 s 13 are each amended to read as follows:
 - (1) An employer of individuals not covered by this chapter or a self-employed person, including a sole proprietor, partner, or joint venturer, may elect coverage under this chapter for all individuals in its employ for an initial period of not less than three years or a subsequent period of not less than one year immediately following another period of coverage. The employer or self-employed person must file a notice of election in writing with the ((director)) commissioner, as required by the department. The election becomes effective on the date of filing the notice.

p. 7 HB 3305

(2) An employer or self-employed person who has elected coverage may withdraw from coverage within thirty days after the end of the three-year period of coverage, or at such other times as the ((director)) commissioner may prescribe by rule, by filing written notice with the ((director)) commissioner, such withdrawal to take effect not sooner than thirty days after filing the notice. Within five days of filing written notice of the withdrawal with the ((director)) commissioner, an employer must provide written notice of the withdrawal to all individuals in the employer's employ.

- Sec. 9. RCW 49.86.120 and 2007 c 357 s 14 are each amended to read as follows:
- (1) A person aggrieved by a decision of the department under this chapter must file a notice of appeal with the ((director)) commissioner, by mail or personally, within thirty days after the date on which a copy of the department's decision was communicated to the person. Upon receipt of the notice of appeal, the ((director)) commissioner shall request the assignment of an administrative law judge in accordance with chapter 34.05 RCW to conduct a hearing and issue a proposed decision and order. The hearing shall be conducted in accordance with chapter 34.05 RCW.
- (2) The administrative law judge's proposed decision and order shall be final and not subject to further appeal unless, within thirty days after the decision is communicated to the interested parties, a party petitions for review by the ((director)) commissioner. ((director's)) commissioner's review is timely requested, the ((director)) commissioner may order additional evidence by the administrative law judge. On the basis of the evidence before the administrative law judge and such additional evidence as ((director)) commissioner may order to be taken, the ((director)) commissioner shall render a decision affirming, modifying, or setting aside the administrative law judge's decision. The ((director's)) commissioner's decision becomes final and not subject to further appeal unless, within thirty days after the decision is communicated to the interested parties, a party files a petition for judicial review as provided in chapter 34.05 RCW. The ((director)) commissioner is a party to any judicial action involving the ((director's))

- commissioner's decision and shall be represented in the action by the attorney general.
- 3 (3) If, upon ((administrative or)) judicial review, the final decision of the department is reversed or modified, ((the administrative law judge or)) the court in its discretion may award reasonable attorneys' fees and costs to the prevailing party.
- 7 Attorneys' fees and costs owed by the department, if any, are payable
- 8 from the family leave insurance account.
- 9 **Sec. 10.** RCW 49.86.160 and 2007 c 357 s 18 are each amended to 10 read as follows:
- 11 The ((director)) commissioner may adopt rules as necessary to implement this chapter. The director of the department of labor and industries may adopt rules as necessary to implement RCW 49.86.090. In adopting rules, the commissioner and the director shall maintain consistency with the rules adopted to implement the federal family and
- 16 medical leave act, and chapter 49.78 RCW, to the extent such rules are
- 17 not in conflict with this chapter.
- 18 **Sec. 11.** RCW 49.86.170 and 2007 c 357 s 19 are each amended to 19 read as follows:
- 20 The family leave insurance account is created in the custody of the 21 state treasurer. Expenditures from the account may be used only for 22 the purposes of the family leave insurance program. ((director of the department of labor and industries)) commissioner or 23 the ((director's)) commissioner's designee may authorize expenditures 24 25 from the account. The account is subject to the allotment procedures under chapter 43.88 RCW. An appropriation is 26 required for administrative expenses, but not for benefit payments. 27
- 28 **Sec. 12.** RCW 49.86.190 and 2007 c 357 s 22 are each amended to 29 read as follows:
- ((If necessary)) To ensure that money is available in the family leave insurance account for the initial administration of the family leave insurance program, the director of labor and industries may, from time to time before July 1, ((2009)) 2008, lend funds from the supplemental pension fund to the family leave insurance account. The department of labor and industries shall enter into an interagency

p. 9 HB 3305

- agreement with the employment security department to implement this 1 2 These loaned funds may be expended solely by the employment security department for the initial administration of the program under 3 this chapter. ((The director of labor and industries)) As specified in 4 the interagency agreement, the commissioner shall repay the 5 supplemental pension fund, plus ((its proportionate share of earnings 6 7 from investment of moneys in the supplemental pension fund during the loan period)) <u>interest</u>, from the family leave insurance account 8 9 ((within two years of the date of the loan)). This section expires 10 October 1, 2011.
- 11 **Sec. 13.** RCW 49.86.210 and 2007 c 357 s 26 are each amended to 12 read as follows:
- Beginning September 1, 2010, the department shall report to the legislature by September 1st of each year on projected and actual program participation, premium rates, fund balances, <u>benefits paid</u>, information on program participants, costs of providing benefits, and outreach efforts.
- 18 **Sec. 14.** RCW 49.86.080 and 2007 c 357 s 10 are each amended to 19 read as follows:
 - (1) If family leave insurance benefits are paid erroneously or as a result of willful misrepresentation, or if a claim for family leave benefits is rejected after benefits are paid, RCW 51.32.240 shall apply, except that appeals are governed by RCW 49.86.120, penalties are paid into the family leave insurance account, and the department shall seek repayment of benefits from the recipient. The department shall issue an overpayment assessment setting forth the reasons for and the amount of the overpayment.
 - (2) Whenever such an overpayment assessment becomes conclusive and final, the department may file with the superior court clerk of any county within the state a warrant in the amount of the overpayment assessment plus a filing fee under RCW 36.18.012(10). However, the department must first give at least twenty days notice by certified mail return receipt requested, to the individual's last known address of the intended action.
- 35 <u>(a) The clerk of the county where the warrant is filed shall</u> 36 <u>immediately designate a superior court cause number for the warrant.</u>

HB 3305 p. 10

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- The clerk shall cause to be entered in the judgment docket under the superior court cause number assigned to the warrant the name of the person or persons mentioned in the warrant, the amount of the overpayment assessment, and the date when the warrant was filed.
- (b) The amount of the warrant as docketed shall become a lien upon the title to, and any interest in, all real and personal property of the person or persons against whom the warrant is issued, the same as a judgment in a civil case duly docketed in the office of the clerk.

 A warrant so docketed shall be sufficient to support the issuance of writs of execution and writs of garnishment in favor of the state in the manner provided by law for a civil judgment.
- (c) A copy of the warrant shall be mailed to the person or persons
 mentioned in the warrant by certified mail to the person's last known
 address within ten days of its filing with the clerk.
- NEW SECTION. Sec. 15. A new section is added to chapter 49.86 RCW to read as follows:
- The commissioner shall appoint a state advisory committee. 17 The committee shall aid the commissioner in formulating policies related to 18 the administration of this chapter and of assuring consistency with 19 20 program intent and impartiality and freedom from political influence in 21 the solution of issues that may arise. The committee shall serve without compensation. Advisory committee members shall be reimbursed 22 23 for travel expenses incurred in accordance with RCW 43.03.050 and 24 43.03.060.
- NEW SECTION. Sec. 16. The employment security department shall conduct a study of the impacts, if any, of the family leave insurance program on the unemployment compensation system, and options for mitigating impacts. The department shall report on its study to the appropriate committees of the legislature by December 1, 2011.
- 30 **Sec. 17.** RCW 50.29.021 and 2007 c 146 s 2 are each amended to read 31 as follows:
- 32 (1) This section applies to benefits charged to the experience 33 rating accounts of employers for claims that have an effective date on 34 or after January 4, 2004.

p. 11 HB 3305

- (2)(a) An experience rating account shall be established and maintained for each employer, except employers as described in RCW 50.44.010, 50.44.030, and 50.50.030 who have properly elected to make payments in lieu of contributions, taxable local government employers as described in RCW 50.44.035, and those employers who are required to make payments in lieu of contributions, based on existing records of the employment security department.
- (b) Benefits paid to an eligible individual shall be charged to the experience rating accounts of each of such individual's employers during the individual's base year in the same ratio that the wages paid by each employer to the individual during the base year bear to the wages paid by all employers to that individual during that base year, except as otherwise provided in this section.
- (c) When the eligible individual's separating employer is a covered contribution paying base year employer, benefits paid to the eligible individual shall be charged to the experience rating account of only the individual's separating employer if the individual qualifies for benefits under:
- (i) RCW 50.20.050(2)(b)(i), as applicable, and became unemployed after having worked and earned wages in the bona fide work; or
 - (ii) RCW 50.20.050(2)(b) (v) through (x).

- (3) The legislature finds that certain benefit payments, in whole or in part, should not be charged to the experience rating accounts of employers except those employers described in RCW 50.44.010, 50.44.030, and 50.50.030 who have properly elected to make payments in lieu of contributions, taxable local government employers described in RCW 50.44.035, and those employers who are required to make payments in lieu of contributions, as follows:
- (a) Benefits paid to any individual later determined to be ineligible shall not be charged to the experience rating account of any contribution paying employer. However, when a benefit claim becomes invalid due to an amendment or adjustment of a report where the employer failed to report or inaccurately reported hours worked or remuneration paid, or both, all benefits paid will be charged to the experience rating account of the contribution paying employer or employers that originally filed the incomplete or inaccurate report or reports. An employer who reimburses the trust fund for benefits paid to workers and who fails to report or inaccurately reported hours

worked or remuneration paid, or both, shall reimburse the trust fund for all benefits paid that are based on the originally filed incomplete or inaccurate report or reports.

- (b) Benefits paid to an individual filing under the provisions of chapter 50.06 RCW shall not be charged to the experience rating account of any contribution paying employer only if:
- (i) The individual files under RCW 50.06.020(1) after receiving crime victims' compensation for a disability resulting from a nonwork-related occurrence; or
 - (ii) The individual files under RCW 50.06.020(2).

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- (c) Benefits paid which represent the state's share of benefits payable as extended benefits defined under RCW 50.22.010(6) shall not be charged to the experience rating account of any contribution paying employer.
- (d) In the case of individuals who requalify for benefits under RCW 50.20.050 or 50.20.060, benefits based on wage credits earned prior to the disqualifying separation shall not be charged to the experience rating account of the contribution paying employer from whom that separation took place.
- (e) Individuals who qualify for benefits under RCW 50.20.050(2)(b)(iv), as applicable, shall not have their benefits charged to the experience rating account of any contribution paying employer.
- (f) With respect to claims with an effective date on or after the first Sunday following April 22, 2005, benefits paid that exceed the benefits that would have been paid if the weekly benefit amount for the claim had been determined as one percent of the total wages paid in the individual's base year shall not be charged to the experience rating account of any contribution paying employer.
- (4)(a) A contribution paying base year employer, not otherwise eligible for relief of charges for benefits under this section, may receive such relief if the benefit charges result from payment to an individual who:
- (i) Last left the employ of such employer voluntarily for reasons not attributable to the employer;
- (ii) Was discharged for misconduct or gross misconduct connected with his or her work not a result of inability to meet the minimum job requirements;

p. 13 HB 3305

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

- (iv) Continues to be employed on a regularly scheduled permanent part-time basis by a base year employer and who at some time during the base year was concurrently employed and subsequently separated from at least one other base year employer. Benefit charge relief ceases when the employment relationship between the employer requesting relief and the claimant is terminated. This subsection does not apply to shared work employers under chapter 50.06 RCW; or
- (v) Worked for an employer for six weeks or less, and was laid off at the end of temporary employment when that individual temporarily replaced a permanent employee taking family leave as defined in chapter 49.86 RCW, and the lay off is due to the return of that permanent employee. This subsection applies to claims with an effective date on or after October 4, 2009.
- (b) The employer requesting relief of charges under this subsection must request relief in writing within thirty days following mailing to the last known address of the notification of the valid initial determination of such claim, stating the date and reason for the separation or the circumstances of continued employment. The commissioner, upon investigation of the request, shall determine whether relief should be granted.
- NEW SECTION. Sec. 18. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.
- NEW SECTION. Sec. 19. If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is inoperative solely to the extent of the conflict, and the finding or determination does not affect the operation of the remainder of this act. Rules adopted under this act

- 1 must meet federal requirements that are a necessary condition to the
- 2 receipt of federal funds by the state or the granting of federal
- 3 unemployment tax credits to employers in this state.
- 4 NEW SECTION. Sec. 20. Sections 1 through 10, 13, and 14 of this
- 5 act take effect July 1, 2008.

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p. 15 HB 3305