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**SUBSTITUTE HOUSE BILL 1959**

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**State of Washington**

**68th Legislature**

**2024 Regular Session**

**By** House Labor & Workplace Standards (originally sponsored by Representatives Walen, Ryu, Berry, Ramel, Reed, Ormsby, Doglio, Fosse, Lekanoff, Tharinger, Riccelli, Wylie, Pollet, and Davis)

READ FIRST TIME 01/30/24.

1 AN ACT Relating to extending certain requirements in the state  
2 paid family and medical leave program to employers with fewer than 50  
3 employees; amending RCW 50A.10.030 and 50A.24.010; and providing an  
4 effective date.

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

6 **Sec. 1.** RCW 50A.10.030 and 2023 c 116 s 1 are each amended to  
7 read as follows:

8 (1) The department shall assess for each individual in employment  
9 with an employer and for each individual electing coverage a premium  
10 based on the amount of the individual's wages subject to subsection  
11 (4) of this section.

12 (2) The commissioner shall determine the percentage of paid  
13 claims related to family leave benefits and the percentage of paid  
14 claims related to medical leave benefits and set the family leave  
15 premium and the medical leave premium by applying the proportional  
16 share of paid claims for each type of leave to the total premium rate  
17 set in subsection (~~((6))~~) (5) of this section.

18 (3)(a) For family leave premiums, an employer may deduct from the  
19 wages of each employee up to the full amount of the premium required.

1 (b) For medical leave premiums, an employer may deduct from the  
2 wages of each employee up to 45 percent of the full amount of the  
3 premium required.

4 (c) An employer may elect to pay all or any portion of the  
5 employee's share of the premium for family leave or medical leave  
6 benefits, or both.

7 (4) The commissioner must annually set a maximum limit on the  
8 amount of wages that is subject to a premium assessment under this  
9 section that is equal to the maximum wages subject to taxation for  
10 social security as determined by the social security administration.

11 (5) (a) (~~Employers with fewer than 50 employees employed in the~~  
12 ~~state are not required to pay the employer portion of premiums for~~  
13 ~~family and medical leave.~~

14 ~~(b) If an employer with fewer than 50 employees elects to pay the~~  
15 ~~premiums, the employer is then eligible for assistance under RCW~~  
16 ~~50A.24.010.~~

17 ~~(6)(a))~~ On or around October 20th of each year, the commissioner  
18 must calculate the total premium rate as follows:

19 (i) Calculate an amount that equals 140 percent of the prior  
20 fiscal year's expenses, including the total amount of benefits paid  
21 and the department's administrative costs;

22 (ii) Subtract the balance of the family and medical leave  
23 insurance account created in RCW 50A.05.070 as of September 30th from  
24 the amount determined in (a)(i) of this subsection (~~((6))~~) (5); and

25 (iii) Divide the difference in (a)(ii) of this subsection (~~((6))~~)  
26 (5) by the prior fiscal year's taxable wages. The quotient must be  
27 carried to the fourth decimal place and then rounded up to the  
28 nearest one hundredth of one percent.

29 (b) The commissioner must set the total premium rate at the rate  
30 calculated in (a) of this subsection (~~((6))~~) (5) subject to the  
31 following conditions:

32 (i) If the commissioner determines the total premium rate  
33 calculated in (a) of this subsection exceeds a rate necessary to  
34 maintain a three-month reserve at the end of the following rate  
35 collection year, the commissioner must set the total premium rate at  
36 the minimum rate necessary to close the rate collection year with a  
37 three-month reserve; and

38 (ii) The total premium rate must not exceed 1.20 percent.

39 (c) For the purposes of this subsection (~~((6))~~) (5):

1 (i) "Taxable wages" means the total amount of wages subject to a  
2 premium assessment under this section for all individuals in  
3 employment with an employer and all individuals electing coverage.

4 (ii) "Three-month reserve" means the average monthly expenses,  
5 including the total amount of benefits paid and the department's  
6 administrative costs, in the prior 12 calendar months from the date  
7 of the calculation in this subsection multiplied by three.

8 ~~((7))~~ (6)(a) The employer must collect from the employees the  
9 premiums provided under this section through payroll deductions and  
10 remit the amounts collected to the department.

11 (b) In collecting employee premiums through payroll deductions,  
12 the employer shall act as the agent of the employees and shall remit  
13 the amounts to the department as required by this title.

14 ~~((c) On September 30th of each year, the department shall  
15 average the number of employees reported by an employer over the last  
16 four completed calendar quarters to determine the size of the  
17 employer for the next calendar year for the purposes of this section  
18 and RCW 50A.24.010.~~

19 ~~(8))~~ (7) Premiums shall be collected in the manner and at such  
20 intervals as provided in this title and directed by the department.

21 ~~((9))~~ (8) Premiums collected under this section are placed in  
22 trust for the employees and employers that the program is intended to  
23 assist.

24 ~~((10))~~ (9) A city, code city, town, county, or political  
25 subdivision may not enact a charter, ordinance, regulation, rule, or  
26 resolution:

27 (a) Creating a paid family or medical leave insurance program  
28 that alters or amends the requirements of this title for any private  
29 employer;

30 (b) Providing for local enforcement of the provisions of this  
31 title; or

32 (c) Requiring private employers to supplement duration of leave  
33 or amount of wage replacement benefits provided under this title.

34 **Sec. 2.** RCW 50A.24.010 and 2019 c 13 s 36 are each amended to  
35 read as follows:

36 (1) The legislature recognizes that while family leave and  
37 medical leave benefit both employees and employers, there may be  
38 costs that disproportionately impact small businesses. To equitably  
39 balance the risks among employers, the legislature intends to assist

1 small businesses with the costs of an employee's use of family or  
2 medical leave.

3 (2) Employers with (~~one hundred fifty~~) 150 or fewer employees  
4 (~~and employers with fifty or fewer employees who are assessed all~~  
5 ~~premiums under RCW 50A.10.030(5)(b)~~) may apply to the department for  
6 a grant under this section.

7 (3)(a) An employer may receive a grant of (~~three thousand~~  
8 ~~dollars~~) \$3,000 if the employer hires a temporary worker to replace  
9 an employee on family or medical leave for a period of seven days or  
10 more.

11 (b) For an employee's family or medical leave, an employer may  
12 receive a grant of up to (~~one thousand dollars~~) \$1,000 as  
13 reimbursement for significant additional wage-related costs due to  
14 the employee's leave.

15 (c) An employer may receive a grant under (a) or (b) of this  
16 subsection, but not both, except that an employer who received a  
17 grant under (b) of this subsection may receive a grant of the  
18 difference between the grant awarded under (b) of this subsection and  
19 (~~three thousand dollars~~) \$3,000 if the employee on leave extended  
20 the leave beyond the leave initially planned and the employer hired a  
21 temporary worker for the employee on leave.

22 (4) An employer may apply for a grant no more than (~~ten~~) 10  
23 times per calendar year and no more than once for each employee on  
24 leave.

25 (5) To be eligible for a grant, the employer must provide the  
26 department written documentation showing the temporary worker hired  
27 or significant wage-related costs incurred are due to an employee's  
28 use of family or medical leave.

29 (6) (~~The department must assess an employer with fewer than~~  
30 ~~fifty employees who receives a grant under this section for all~~  
31 ~~premiums for three years from the date of receipt of a grant.~~

32 ~~(7))~~ The grants under this section shall be funded from the  
33 family and medical leave insurance account.

34 (~~(8))~~ (7) The commissioner shall adopt rules as necessary to  
35 implement this section.

36 (~~(9))~~ (8) For the purposes of determining eligibility for  
37 grants under this section, on September 30th of each year, the  
38 department shall average the number of employees (~~must be calculated~~  
39 ~~as provided in RCW 50A.10.030~~) reported by an employer over the last

1 four completed calendar quarters to determine the size of the  
2 employer for the next calendar year.

3 (~~(10)~~) (9) An employer who has an approved voluntary plan is  
4 not eligible to receive a grant under this section.

5 NEW SECTION. **Sec. 3.** This act takes effect January 1, 2025.

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