
SUBSTITUTE SENATE BILL 5860

State of Washington

53rd Legislature

1993 Regular Session

By Senate Committee on Labor & Commerce (originally sponsored by Senators Moore, Newhouse and Vognild)

Read first time 03/03/93.

1 AN ACT Relating to the financing of unemployment insurance;
2 amending RCW 50.29.025 and 50.24.014; and creating a new section.

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

4 **Sec. 1.** RCW 50.29.025 and 1990 c 245 s 7 are each amended to read
5 as follows:

6 The contribution rate for each employer shall be determined under
7 this section.

8 (1) A fund balance ratio shall be determined by dividing the
9 balance in the unemployment compensation fund as of the June 30th
10 immediately preceding the rate year by the total remuneration paid by
11 all employers subject to contributions during the second calendar year
12 preceding the rate year and reported to the department by the following
13 March 31st. The division shall be carried to the fourth decimal place
14 with the remaining fraction, if any, disregarded. The fund balance
15 ratio shall be expressed as a percentage.

16 (2) The interval of the fund balance ratio, expressed as a
17 percentage, shall determine which tax schedule in subsection (5) of
18 this section shall be in effect for assigning tax rates for the rate

1 year. The intervals for determining the effective tax schedule shall
2 be:

3	Interval of the	Effective
4	Fund Balance Ratio	Tax Schedule
5	Expressed as a Percentage	
6	<u>3.90 and above</u>	<u>AA</u>
7	3.40 ((and above) <u>to 3.89</u>)	A
8	2.90 to 3.39	B
9	2.40 to 2.89	C
10	1.90 to 2.39	D
11	1.40 to 1.89	E
12	Less than 1.40	F

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

22 (4) Each employer in the array shall be assigned to one of twenty
23 rate classes according to the percentage intervals of cumulative
24 taxable payrolls set forth in subsection (5) of this section:
25 PROVIDED, That if an employer's taxable payroll falls within two or
26 more rate classes, the employer and any other employer with the same
27 benefit ratio shall be assigned to the lowest rate class which includes
28 any portion of the employer's taxable payroll.

29 (5) The contribution rate for each employer in the array shall be
30 the rate specified in the following table for the rate class to which
31 he or she has been assigned, as determined under subsection (4) of this
32 section, within the tax schedule which is to be in effect during the
33 rate year:

((Percent of									
Cumulative Schedule of Contribution Rates for									
Taxable Payrolls Effective Tax Schedule									
Rate									
From	To	Class	A	B	C	D	E	F	
0.00	5.00	1	0.48	0.58	0.98	1.48	1.88	2.48	
5.01	10.00	2	0.48	0.78	1.18	1.68	2.08	2.68	
10.01	15.00	3	0.58	0.98	1.38	1.78	2.28	2.88	
15.01	20.00	4	0.78	1.18	1.58	1.98	2.48	3.08	
20.01	25.00	5	0.98	1.38	1.78	2.18	2.68	3.18	
25.01	30.00	6	1.18	1.58	1.98	2.38	2.78	3.28	
30.01	35.00	7	1.38	1.78	2.18	2.58	2.98	3.38	
35.01	40.00	8	1.58	1.98	2.38	2.78	3.18	3.58	
40.01	45.00	9	1.78	2.18	2.58	2.98	3.38	3.78	
45.01	50.00	10	1.98	2.38	2.78	3.18	3.58	3.98	
50.01	55.00	11	2.28	2.58	2.98	3.38	3.78	4.08	
55.01	60.00	12	2.48	2.78	3.18	3.58	3.98	4.28	
60.01	65.00	13	2.68	2.98	3.38	3.78	4.18	4.48	
65.01	70.00	14	2.88	3.18	3.58	3.98	4.38	4.68	
70.01	75.00	15	3.08	3.38	3.78	4.18	4.58	4.78	
75.01	80.00	16	3.28	3.58	3.98	4.38	4.68	4.88	
80.01	85.00	17	3.48	3.78	4.18	4.58	4.88	4.98	
85.01	90.00	18	3.88	4.18	4.58	4.88	4.98	5.18	
90.01	95.00	19	4.28	4.58	4.98	5.08	5.18	5.38	
95.01	100.00	20	5.40	5.40	5.40	5.40	5.40	5.40)

<u>Percent of</u>			<u>Schedule of Contribution Rates for</u>				
<u>Cumulative</u>			<u>Effective Tax Schedule</u>				
<u>Taxable Payrolls</u>							
			<u>Rate</u>				
<u>From</u>	<u>To</u>	<u>Class</u>	<u>AA</u>	<u>A</u>	<u>B</u>	<u>C</u>	
6	<u>0.00</u>	<u>5.00</u>	<u>1</u>	<u>0.465</u>	<u>0.465</u>	<u>0.565</u>	<u>0.965</u>
7	<u>5.01</u>	<u>10.00</u>	<u>2</u>	<u>0.465</u>	<u>0.465</u>	<u>0.765</u>	<u>1.165</u>
8	<u>10.01</u>	<u>15.00</u>	<u>3</u>	<u>0.465</u>	<u>0.565</u>	<u>0.965</u>	<u>1.365</u>
9	<u>15.01</u>	<u>20.00</u>	<u>4</u>	<u>0.565</u>	<u>0.765</u>	<u>1.165</u>	<u>1.565</u>
10	<u>20.01</u>	<u>25.00</u>	<u>5</u>	<u>0.765</u>	<u>0.965</u>	<u>1.365</u>	<u>1.765</u>
11	<u>25.01</u>	<u>30.00</u>	<u>6</u>	<u>0.965</u>	<u>1.165</u>	<u>1.565</u>	<u>1.965</u>
12	<u>30.01</u>	<u>35.00</u>	<u>7</u>	<u>1.065</u>	<u>1.365</u>	<u>1.765</u>	<u>2.165</u>
13	<u>35.01</u>	<u>40.00</u>	<u>8</u>	<u>1.265</u>	<u>1.565</u>	<u>1.965</u>	<u>2.365</u>
14	<u>40.01</u>	<u>45.00</u>	<u>9</u>	<u>1.465</u>	<u>1.765</u>	<u>2.165</u>	<u>2.565</u>
15	<u>45.01</u>	<u>50.00</u>	<u>10</u>	<u>1.665</u>	<u>1.965</u>	<u>2.365</u>	<u>2.765</u>
16	<u>50.01</u>	<u>55.00</u>	<u>11</u>	<u>1.965</u>	<u>2.265</u>	<u>2.565</u>	<u>2.965</u>
17	<u>55.01</u>	<u>60.00</u>	<u>12</u>	<u>2.165</u>	<u>2.465</u>	<u>2.765</u>	<u>3.165</u>
18	<u>60.01</u>	<u>65.00</u>	<u>13</u>	<u>2.365</u>	<u>2.665</u>	<u>2.965</u>	<u>3.365</u>
19	<u>65.01</u>	<u>70.00</u>	<u>14</u>	<u>2.565</u>	<u>2.865</u>	<u>3.165</u>	<u>3.565</u>
20	<u>70.01</u>	<u>75.00</u>	<u>15</u>	<u>2.865</u>	<u>3.065</u>	<u>3.365</u>	<u>3.765</u>
21	<u>75.01</u>	<u>80.00</u>	<u>16</u>	<u>3.065</u>	<u>3.265</u>	<u>3.565</u>	<u>3.965</u>
22	<u>80.01</u>	<u>85.00</u>	<u>17</u>	<u>3.265</u>	<u>3.465</u>	<u>3.765</u>	<u>4.165</u>
23	<u>85.01</u>	<u>90.00</u>	<u>18</u>	<u>3.665</u>	<u>3.865</u>	<u>4.165</u>	<u>4.565</u>
24	<u>90.01</u>	<u>95.00</u>	<u>19</u>	<u>4.065</u>	<u>4.265</u>	<u>4.565</u>	<u>4.965</u>
25	<u>95.01</u>	<u>100.00</u>	<u>20</u>	<u>5.400</u>	<u>5.400</u>	<u>5.400</u>	<u>5.400</u>

<u>Percent of</u>			<u>Schedule of Contribution Rates for</u>		
<u>Cumulative</u>			<u>Effective Tax Schedule</u>		
<u>Taxable Payrolls</u>					
		<u>Rate</u>			
<u>From</u>	<u>To</u>	<u>Class</u>	<u>D</u>	<u>E</u>	<u>F</u>
0.00	5.00	1	1.465	1.865	2.465
5.01	10.00	2	1.665	2.065	2.665
10.01	15.00	3	1.765	2.265	2.865
15.01	20.00	4	1.965	2.465	3.065
20.01	25.00	5	2.165	2.665	3.165
25.01	30.00	6	2.365	2.765	3.265
30.01	35.00	7	2.565	2.965	3.365
35.01	40.00	8	2.765	3.165	3.565
40.01	45.00	9	2.965	3.365	3.765
45.01	50.00	10	3.165	3.565	3.965
50.01	55.00	11	3.365	3.765	4.065
55.01	60.00	12	3.565	3.965	4.265
60.01	65.00	13	3.765	4.165	4.465
65.01	70.00	14	3.965	4.365	4.665
70.01	75.00	15	4.165	4.565	4.765
75.01	80.00	16	4.365	4.665	4.865
80.01	85.00	17	4.565	4.865	4.965
85.01	90.00	18	4.865	4.965	5.165
90.01	95.00	19	5.065	5.165	5.365
95.01	100.00	20	5.400	5.400	5.400

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

(a) Employers who do not meet the definition of "qualified employer" by reason of failure to pay contributions when due shall be assigned the contribution rate of five and four-tenths percent, except employers who have an approved agency-deferred payment contract by September 30 of the previous rate year. If any employer with an approved agency-deferred payment contract fails to make any one of the succeeding deferred payments or fails to submit any succeeding tax report and payment in a timely manner, the employer's tax rate shall immediately revert to five and four-tenths percent for the current rate year;

1 (b) The contribution rate for employers exempt as of December 31,
2 1989, who are newly covered under the section 78, chapter 380, Laws of
3 1989 amendment to RCW 50.04.150 and not yet qualified to be in the
4 array shall be 2.5 percent for employers whose standard industrial code
5 is "013", "016", "017", "018", "019", "021", or "081"; and

6 (c) For all other employers not qualified to be in the array, the
7 contribution rate shall be a rate equal to the average industry rate as
8 determined by the commissioner; however, the rate may not be less than
9 one percent. Assignment of employers by the commissioner to industrial
10 classification, for purposes of this subsection, shall be in accordance
11 with established classification practices found in the "Standard
12 Industrial Classification Manual" issued by the federal office of
13 management and budget to the third digit provided in the Standard
14 Industrial Classification code.

15 **Sec. 2.** RCW 50.24.014 and 1987 c 171 s 4 are each amended to read
16 as follows:

17 A separate and identifiable account to provide for the financing of
18 special programs to assist the unemployed is established in the
19 administrative contingency fund. Contributions to this account shall
20 accrue and become payable by each employer, except employers as
21 described in RCW 50.44.010 and 50.44.030 who have properly elected to
22 make payments in lieu of contributions, taxable local government
23 employers as described in RCW 50.44.035, and those employers who are
24 required to make payments in lieu of contributions, at ((the)) a basic
25 rate of two one-hundredths of one percent. The amount of wages subject
26 to tax shall be determined under RCW 50.24.010.

27 Beginning with rate year 1994, this basic rate of two one-
28 hundredths of one percent shall be increased by fifteen one-thousandths
29 of one percent to a total rate of thirty-five one-thousandths of one
30 percent. The proceeds of this incremental fifteen one-thousandths of
31 one percent rate shall be used solely to support the processing and
32 payment of unemployment insurance claims.

33 Contributions under this section shall become due and be paid by
34 each employer under rules as the commissioner may prescribe, and shall
35 not be deducted, in whole or in part, from the remuneration of
36 individuals in the employ of the employer. Any deduction in violation
37 of this section is unlawful.

1 In the payment of any contributions under this section, a
2 fractional part of a cent shall be disregarded unless it amounts to
3 one-half cent or more, in which case it shall be increased to one cent.

4 If the commissioner determines that federal funding has been
5 increased to provide financing for the services specified in chapter
6 50.62 RCW, the commissioner shall direct that collection of
7 contributions under this section be terminated on the following January
8 1st.

9 If the commissioner determines that federal funding has been
10 increased to provide adequate financing for the processing and payment
11 of unemployment insurance claims, the commissioner shall direct that
12 collection of the incremental fifteen one-thousandths of one percent be
13 terminated on the following January 1st.

14 NEW SECTION. Sec. 3. (1) There is hereby created a joint task
15 force on unemployment insurance composed of the following members:

16 (a) Four members of the senate labor and commerce committee, two
17 from each of the major caucuses, to be appointed by the president of
18 the senate;

19 (b) Four members of the house of representatives commerce and labor
20 committee, two from each of the major caucuses, to be appointed by the
21 speaker of the house of representatives; and

22 (c) Up to eight members appointed jointly by the president of the
23 senate and the speaker of the house of representatives representing
24 business and labor in equal numbers. The business representatives
25 shall be selected from nominations submitted by state-wide business
26 organizations representing a cross-section of industries. The labor
27 representatives shall be selected from nominations submitted by state-
28 wide labor organizations representing a cross-section of industries.

29 (2) The employment security department unemployment insurance
30 advisory committee shall act as an advisory body to the task force.

31 (3) The senate committee services and the office of program
32 research shall provide the staff support as mutually agreed by the
33 cochairs of the task force. The task force shall designate the
34 cochairs.

35 (4) The members of the task force shall be reimbursed for travel
36 expenses as provided in RCW 43.03.050 and 43.03.060.

37 (5) The task force shall study the following issues:

38 (a) Benefit financing and administration of unemployment insurance;

1 (b) Social costs;
2 (c) Administrative costs;
3 (d) Experience rating systems;
4 (e) Tax rates;
5 (f) Trust fund adequacy;
6 (g) Accountability and administrative funding of employment
7 security department programs; and
8 (h) Any other issues deemed appropriate by the task force.
9 (6) The task force shall report its findings to the legislature by
10 December 31, 1993.

--- END ---