<u>SSB 5963</u> - H AMD 578

By Representative Condotta

NOT ADOPTED 4/10/2009

Strike everything after the enacting clause and insert the following:

3

4 "Sec. 1. RCW 50.29.021 and 2008 c 323 s 2 are each amended to 5 read as follows:

6 (1) This section applies to benefits charged to the experience 7 rating accounts of employers for claims that have an effective date on 8 or after January 4, 2004.

9 (2)(a) An experience rating account shall be established and 10 maintained for each employer, except employers as described in RCW 11 50.44.010, 50.44.030, and 50.50.030 who have properly elected to make 12 payments in lieu of contributions, taxable local government employers 13 as described in RCW 50.44.035, and those employers who are required to 14 make payments in lieu of contributions, based on existing records of 15 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.

22 (c) When the eligible individual's separating employer is a 23 covered contribution paying base year employer, benefits paid to the 24 eligible individual shall be charged to the experience rating account 25 of only the individual's separating employer if the individual 26 qualifies for benefits under:

1 (i) RCW 50.20.050(((2))) (1)(b)(i), as applicable, and became 2 unemployed after having worked and earned wages in the bona fide work; 3 or

4 (ii) RCW 50.20.050(((2))) (1)(b) (v) through (x).

5 (3) The legislature finds that certain benefit payments, in whole 6 or in part, should not be charged to the experience rating accounts of 7 employers except those employers described in RCW 50.44.010, 8 50.44.030, and 50.50.030 who have properly elected to make payments in 9 lieu of contributions, taxable local government employers described in 10 RCW 50.44.035, and those employers who are required to make payments 11 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 4 any contribution paying employer. However, when a benefit claim 5 becomes invalid due to an amendment or adjustment of a report where 6 the employer failed to report or inaccurately reported hours worked or 17 remuneration paid, or both, all benefits paid will be charged to the 18 experience rating account of the contribution paying employer or 19 employers that originally filed the incomplete or inaccurate report or 20 reports. An employer who reimburses the trust fund for benefits paid 21 to workers and who fails to report or inaccurately reported hours 22 worked or remuneration paid, or both, shall reimburse the trust fund 23 for all benefits paid that are based on the originally filed 24 incomplete or inaccurate report or reports.

25 (b) Benefits paid to an individual filing under the provisions of 26 chapter 50.06 RCW shall not be charged to the experience rating 27 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 nonworkor related occurrence; or

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

32 (c) Benefits paid which represent the state's share of benefits 33 payable as extended benefits defined under RCW 50.22.010(6) shall not 34 be charged to the experience rating account of any contribution paying
 employer.

3 (d) In the case of individuals who requalify for benefits under 4 RCW 50.20.050 or 50.20.060, benefits based on wage credits earned 5 prior to the disqualifying separation shall not be charged to the 6 experience rating account of the contribution paying employer from 7 whom that separation took place.

8 (e) Benefits paid to an individual who qualifies for benefits 9 under RCW $50.20.050((\frac{2}{)}))$ (1)(b) (iv) or (xi), as applicable, shall 10 not be charged to the experience rating account of any contribution 11 paying employer.

12 (f) With respect to claims with an effective date on or after the 13 first Sunday following April 22, 2005, benefits paid that exceed the 14 benefits that would have been paid if the weekly benefit amount for 15 the claim had been determined as one percent of the total wages paid 16 in the individual's base year shall not be charged to the experience 17 rating account of any contribution paying employer. <u>This subsection</u> 18 (3)(f) does not apply to the calculation of contribution rates under 19 RCW 50.29.025 for rate year 2010 and thereafter.

20 (4)(a) A contribution paying base year employer, not otherwise 21 eligible for relief of charges for benefits under this section, may 22 receive such relief if the benefit charges result from payment to an 23 individual who:

(i) Last left the employ of such employer voluntarily for reasons25 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;

(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

1 (iv) Continues to be employed on a regularly scheduled permanent 2 part-time basis by a base year employer and who at some time during 3 the base year was concurrently employed and subsequently separated 4 from at least one other base year employer. Benefit charge relief 5 ceases when the employment relationship between the employer 6 requesting relief and the claimant is terminated. This subsection 7 does not apply to shared work employers under chapter 50.06 RCW.

8 (b) The employer requesting relief of charges under this 9 subsection must request relief in writing within thirty days following 10 mailing to the last known address of the notification of the valid 11 initial determination of such claim, stating the date and reason for 12 the separation or the circumstances of continued employment. The 13 commissioner, upon investigation of the request, shall determine 14 whether relief should be granted.

15

16 Sec. 2. RCW 50.29.025 and 2007 c 51 s 1 are each amended to read 17 as follows:

18 (1) ((Except as provided in subsection (2) of this section, the
19 contribution rate for each employer subject to contributions under RCW
20 50.24.010 shall be determined under this subsection.

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

29 (b) The interval of the fund balance ratio, expressed as a 30 percentage, shall determine which tax schedule in (e) of this 31 subsection shall be in effect for assigning tax rates for the rate 32 year. The intervals for determining the effective tax schedule shall 33 be÷

1	Interval of the	
2	Fund Balance	
3	Ratio	
4	Expressed as a	Effective
5	Percentage	Tax Schedule
6	2.90 and	AA
7	above	
8	2.10 to	A
9	2.89	
10	1.70 to	B
11	2.09	
12	1.40 to	e
13	1.69	
14	1.00 to	Ð
15	1.39	
16	0.70 to	포
17	0.99	
18	Less than	₽.
19	0.70	
20		
21		
22	(c) An array shall be prepared,	listing all qualified employers in
23	ascending order of their benefit	ratios. The array shall show for
24	each qualified employer: (i) Id	lentification number; (ii) benefit
25	ratio; (iii) taxable payrolls	for the four calendar quarters
26	immediately preceding the comput	ation date and reported to the
27	department by the cut off date; (iv) a cumulative total of taxable
28	payrolls consisting of the employer	's taxable payroll plus the taxable
29	payrolls of all other employers pre	ceding him or her in the array; and
30	(v) the percentage equivalent of	the cumulative total of taxable
31	payrolls.	
32	(d) Each employer in the array	shall be assigned to one of twenty
33	rate classes according to the p	ercentage intervals of cumulative
34	taxable payrolls set forth in (e) (of this subsection: PROVIDED, That

1 if an employer's taxable payroll falls within two or more rate 2 classes, the employer and any other employer with the same benefit 3 ratio shall be assigned to the lowest rate class which includes any 4 portion of the employer's taxable payroll.

5 (e) Except as provided in RCW 50.29.026, the contribution rate for 6 each employer in the array shall be the rate specified in the 7 following tables for the rate class to which he or she has been 8 assigned, as determined under (d) of this subsection, within the tax 9 schedule which is to be in effect during the rate year:

Percent of Schedules of Contributions

Taxable Payrolls for Effective Tax Schedule

Rates

10

11

12

13

14 15

10		Nace				
16	From To(Class AA	A B	€ ₽) <u>E</u>	F
17	0.00 5.00	1 0.470	.470.570	.971.47	1.872.	47
18	5.01 10.00	2 0.470	.470.771	.171.67	2.072.	67
19	$\frac{10.01}{15.00}$	3 0.570.	.570.971	.371.77	2.272.	87
20	15.01 20.00	4 0.570	.731.111	.511.9 0	2.402.	. 98
21	20.01 25.00	5 0.720	.921.301	.702.09	2.593.	. 08
22	25.01 30.00	6 0.911	.111.491	.892.29	2.693.	18
23	30.01	7 1.001	.291.692	.082. 48	2.883.	27
24	35.01 40.00	8 1.191	.481.882	.272.67	3.073 .	47
25	40.01 45.00	9 1.371	.672.072	.472.87	3.273.	66
26	45.01 50.00	10	.862.262	.663.06	3.463.	86
27	50.01 55.00	11 1.842	.142.452	.853.25	3.663 .	95
28	55.01 60.00	12 2.032	.332.643	.043.44	3.854.	15
29	60.01 65.00	13 2.222	.522.833	.233.6 4	4.044.	34
30	65.01 70.00	14 2.402	.713.023	.433.83	4.244.	54
31	70.01 75.00	15	.903.213	.624.02	4.434.	63
32	75.01 80.00	16	.093.423	.814.22	4.534.	73
33	80.01 85.00	17	.473.774	.174.57	4.874.	<u>.97</u>
34	85.01 90.00	18	.874.174	.574.87	4.975.	.17

Rate

Cumulative

1	90.01 95.00	19 4.074.274.574.975.075.175.37
2	95.01100.00	20
3		

4

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

7 (i) Employers who do not meet the definition of "qualified employer" by reason of failure to pay contributions when due shall be assigned a contribution rate two tenths higher than that in rate class 20 for the applicable rate year, 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 a contribution rate two-tenths higher than that in rate class 20 for the applicable rate year; and

18 (ii) For all other employers not qualified to be in the array, the 19 contribution rate shall be a rate equal to the average industry rate 20 as determined by the commissioner; however, the rate may not be less 21 than one percent.

22 (2) Beginning with)) For contributions assessed for rate years 23 2005 through 2009, the contribution rate for each employer subject to 24 contributions under RCW 50.24.010 shall be the sum of the array 25 calculation factor rate and the graduated social cost factor rate 26 determined under this subsection, and the solvency surcharge 27 determined under RCW 50.29.041, if any.

28 (a) The array calculation factor rate shall be determined as 29 follows:

30 (i) An array shall be prepared, listing all qualified employers in 31 ascending order of their benefit ratios. The array shall show for 32 each qualified employer: (A) Identification number; (B) benefit 33 ratio; and (C) taxable payrolls for the four consecutive calendar 34 1 quarters immediately preceding the computation date and reported to 2 the employment security department by the cut-off date.

3 (ii) Each employer in the array shall be assigned to one of forty 4 rate classes according to his or her benefit ratio as follows, and, 5 except as provided in RCW 50.29.026, the array calculation factor rate 6 for each employer in the array shall be the rate specified in the rate 7 class to which the employer has been assigned:

9	Benefit Ratio	Rate	Rate
10	At least Less	Class	(percent)
11	than		
12	0.000001	1	0.00
13	0.000001 0.001250	2	0.13
14	0.001250 0.002500	3	0.25
15	0.002500 0.003750	4	0.38
16	0.003750 0.005000	5	0.50
17	0.005000 0.006250	6	0.63
18	0.006250 0.007500	7	0.75
19	0.007500 0.008750	8	0.88
20	0.008750 0.010000	9	1.00
21	0.010000 0.011250	10	1.15
22	0.011250 0.012500	11	1.30
23	0.012500 0.013750	12	1.45
24	0.013750 0.015000	13	1.60
25	0.015000 0.016250	14	1.75
26	0.016250 0.017500	15	1.90
27	0.017500 0.018750	16	2.05
28	0.018750 0.020000	17	2.20
29	0.020000 0.021250	18	2.35
30	0.021250 0.022500	19	2.50
31	0.022500 0.023750	20	2.65
32	0.023750 0.025000	21	2.80
33	0.025000 0.026250	22	2.95
34	0.026250 0.027500	23	3.10

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

- 18
- 19

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

(i)(A) Except as provided in (b)(i)(B) and (C) of this subsection, A the commissioner shall calculate the flat social cost factor for a rate year by dividing the total social cost by the total taxable payroll. The division shall be carried to the second decimal place with the remaining fraction disregarded unless it amounts to five hundredths or more, in which case the second decimal place shall be rounded to the next higher digit. The flat social cost factor shall be 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 months of unemployment benefits, the 33 commissioner shall calculate the flat social cost factor for the rate 34 year immediately following the cut-off date by reducing the total 1 social cost by the dollar amount that represents the number of months 2 for which the balance in the unemployment compensation fund on the 3 cut- off date will provide benefits above ten months and dividing the 4 result by the total taxable payroll. However, the calculation under 5 this subsection (((2))) (1)(b)(i)(B) for a rate year may not result in 6 a flat social cost factor that is more than four-tenths lower than the 7 calculation under (b)(i)(A) of this subsection for that rate year.

8 For the purposes of this subsection, the commissioner shall 9 determine the number of months of unemployment benefits in the 10 unemployment compensation fund using the benefit cost rate for the 11 average of the three highest calendar benefit cost rates in the twenty 12 consecutive completed calendar years immediately preceding the cut-off 13 date or a period of consecutive calendar years immediately preceding 14 the cut-off date that includes three recessions, if longer.

15 (C) The minimum flat social cost factor calculated under this 16 subsection $((\frac{2}{2}))$ (1)(b) shall be six-tenths of one percent, except 17 that if the balance in the unemployment compensation fund is 18 determined by the commissioner to be an amount that will provide:

19 (I) At least twelve months but less than fourteen months of 20 unemployment benefits, the minimum shall be five-tenths of one 21 percent; or

22 (II) At least fourteen months of unemployment benefits, the 23 minimum shall be five-tenths of one percent, except that, for 24 employers in rate class 1, the minimum shall be forty-five hundredths 25 of one percent.

(ii)(A) Except as provided in (b)(ii)(B) of this subsection, the graduated social cost factor rate for each employer in the array is the flat social cost factor multiplied by the percentage specified as follows for the rate class to which the employer has been assigned in (a)(ii) of this subsection, except that the sum of an employer's array calculation factor rate and the graduated social cost factor rate may not exceed six and five-tenths percent or, for employers whose North American industry classification system code is within "111," "112," "1141," "115," "3114," "3117," "42448," or "49312," may not exceed six

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1 percent through rate year 2007 and may not exceed five and seven-2 tenths percent for rate years 2008 and ((thereafter)) 2009:

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

15 (B) For contributions assessed beginning July 1, 2005, through 16 December 31, 2007, for employers whose North American industry 17 classification system code is "111," "112," "1141," "115," "3114," 18 "3117," "42448," or "49312," the graduated social cost factor rate is 19 zero.

20 (iii) For the purposes of this section:

(A) "Total social cost" means the amount calculated by subtracting the array calculation factor contributions paid by all employers with respect to the four consecutive calendar quarters immediately preceding the computation date and paid to the employment security department by the cut-off date from the total unemployment benefits paid to claimants in the same four consecutive calendar quarters. To calculate the flat social cost factor for rate year 2005, the commissioner shall calculate the total social cost using the array calculation factor contributions that would have been required to be paid by all employers in the calculation period if (a) of this subsection had been in effect for the relevant period.

32 (B) "Total taxable payroll" means the total amount of wages 33 subject to tax, as determined under RCW 50.24.010, for all employers 34 in the four consecutive calendar quarters immediately preceding the 1 computation date and reported to the employment security department by 2 the cut-off date.

3 (c) For employers who do not meet the definition of "qualified 4 employer" by reason of failure to pay contributions when due:

5 (i) The array calculation factor rate shall be two-tenths higher 6 than that in rate class 40, except employers who have an approved 7 agency-deferred payment contract by September 30th of the previous 8 rate year. If any employer with an approved agency-deferred payment 9 contract fails to make any one of the succeeding deferred payments or 10 fails to submit any succeeding tax report and payment in a timely 11 manner, the employer's tax rate shall immediately revert to an array 12 calculation factor rate two-tenths higher than that in rate class 40; 13 and

14 (ii) The social cost factor rate shall be the social cost factor 15 rate assigned to rate class 40 under (b)(ii) of this subsection.

16 (d) For all other employers not qualified to be in the array:

17 (i) For rate years 2005, 2006, and 2007:

18 (A) The array calculation factor rate shall be a rate equal to the 19 average industry array calculation factor rate as determined by the 20 commissioner, plus fifteen percent of that amount; however, the rate 21 may not be less than one percent or more than the array calculation 22 factor rate in rate class 40; and

(B) The social cost factor rate shall be a rate equal to the 24 average industry social cost factor rate as determined by the 25 commissioner, plus fifteen percent of that amount, but not more than 26 the social cost factor rate assigned to rate class 40 under (b)(ii) of 27 this subsection.

28 (ii) ((Beginning with)) For contributions assessed for rate years 29 2008 and 2009:

30 (A) The array calculation factor rate shall be a rate equal to the 31 average industry array calculation factor rate as determined by the 32 commissioner, multiplied by the history factor, but not less than one 33 percent or more than the array calculation factor rate in rate class 34 40;

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1 (B) The social cost factor rate shall be a rate equal to the 2 average industry social cost factor rate as determined by the 3 commissioner, multiplied by the history factor, but not more than the 4 social cost factor rate assigned to rate class 40 under (b)(ii) of 5 this subsection; and

6 (C) The history factor shall be based on the total amounts of 7 benefits charged and contributions paid in the three fiscal years 8 ending prior to the computation date by employers not qualified to be 9 in the array, other than employers in (c) of this subsection, who were 10 first subject to contributions in the calendar year ending three years 11 prior to the computation date. The commissioner shall calculate the 12 history ratio by dividing the total amount of benefits charged by the 13 total amount of contributions paid in this three-year period by these 14 employers. The division shall be carried to the second decimal place 15 with the remaining fraction disregarded unless it amounts to five 16 one-hundredths or more, in which case the second decimal place shall 17 be rounded to the next higher digit. The commissioner shall determine 18 the history factor according to the history ratio as follows:

_	L	9

20		History		History
21		Ratio		Factor
22				(percent)
23		At least	Less than	
24	(I)		.95	90
25	(II)	.95	1.05	100
26	(III)	1.05		115

27

28 (2) For contributions assessed in rate year 2010 and thereafter, 29 the contribution rate for each employer subject to contributions under 30 RCW 50.24.010 shall be the sum of the array calculation factor rate 31 and the graduated social cost factor rate determined under this 32 subsection, and the solvency surcharge determined under RCW 50.29.041, 33 if any. 34 (a) The array calculation factor rate shall be determined as

1 follows: 2 (i) An array shall be prepared, listing all qualified employers in 3 ascending order of their benefit ratios. The array shall show for 4 each qualified employer: (A) Identification number; (B) benefit 5 ratio; and (C) taxable payrolls for the four consecutive calendar 6 quarters immediately preceding the computation date and reported to 7 the employment security department by the cut-off date. 8 (ii) Each employer in the array shall be assigned to one of forty 9 rate classes according to his or her benefit ratio as follows, and, 10 except as provided in RCW 50.29.026, the array calculation factor rate 11 for each employer in the array shall be the rate specified in the rate 12 class to which the employer has been assigned: 13 14 Benefit Ratio Rate Rate At least Less 15 Class (percent) 16 than 0.000001 1 17 0.00 18 0.000001 0.001250 2 0.11 0.001250 0.002500 3 19 0.22 20 0.002500 0.003750 4 0.33 21 0.003750 0.005000 5 0.43 22 0.005000 0.006250 6 0.54 23 0.006250 0.007500 7 0.65 6

20	0.000250	0.007500	<u> </u>	0.05
24	0.007500	0.008750	8	0.76
25	0.008750	0.010000	9	0.88
26	0.010000	0.011250	10	1.01
27	0.011250	0.012500	<u>11</u>	1.14
28	0.012500	0.013750	12	1.28
29	0.013750	0.015000	13	1.41
30	0.015000	0.016250	14	1.54
31	0.016250	0.017500	15	1.67
32	0.017500	0.018750	16	1.80
33	0.018750	0.020000	17	1.94
34	0.020000	0.021250	18	2.07

1	0.021250	0.022500	<u>19</u>	2.20
2	0.022500	0.023750	20	2.38
3	0.023750	0.025000	21	2.50
4	0.025000	0.026250	22	2.63
5	0.026250	0.027500	23	2.75
6	0.027500	0.028750	24	2.88
7	0.028750	0.030000	25	3.00
8	0.030000	0.031250	26	3.13
9	0.031250	0.032500	27	3.25
10	0.032500	0.033750	28	3.38
11	0.033750	0.035000	29	3.50
12	0.035000	0.036250	30	3.63
13	0.036250	0.037500	31	3.75
14	0.037500	0.040000	32	4.00
15	0.040000	0.042500	33	4.25
16	0.042500	0.045000	34	4.50
17	0.045000	0.047500	35	4.75
18	0.047500	0.050000	36	5.00
19	0.050000	0.052500	37	5.15
20	0.052500	0.055000	38	5.25
21	0.055000	0.057500	39	5.30
22	0.057500		40	5.40
23				
24				
25	(b) The graduated soc:	ial cost f	Eactor :	rate shall be determined as
26	follows:			
27	(i)(A) Except as provi	ded in (b))(i)(B)	and (C) of this subsection,
28	the commissioner shall ca	lculate t	he flat	social cost factor for a
29	rate year by dividing th	ne total :	social	cost by the total taxable
30	payroll. The division sh	all be ca	rried t	to the second decimal place
31	with the remaining fract:	ion disreg	garded	unless it amounts to five
32	hundredths or more, in wh	ich case	the sec	cond decimal place shall be
33	rounded to the next higher	r digit.	The fl	at social cost factor shall
34	be expressed as a percenta	ge.		

1 (B) If, on the cut-off date, the balance in the unemployment 2 compensation fund is determined by the commissioner to be an amount 3 that will provide more than ten months of unemployment benefits, the 4 commissioner shall calculate the flat social cost factor for the rate 5 year immediately following the cut-off date by reducing the total 6 social cost by the dollar amount that represents the number of months 7 for which the balance in the unemployment compensation fund on the 8 cut- off date will provide benefits above ten months and dividing the 9 result by the total taxable payroll. However, the calculation under 10 this subsection (2)(b)(i)(B) for a rate year may not result in a flat 11 social cost factor that is more than four-tenths lower than the 12 calculation under (b)(i)(A) of this subsection for that rate year.

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

20 (C) The minimum flat social cost factor calculated under this 21 subsection (2)(b) shall be six-tenths of one percent, except that if 22 the balance in the unemployment compensation fund is determined by the 23 commissioner to be an amount that will provide:

24 (I) At least ten months but less than eleven months of 25 <u>unemployment benefits</u>, the minimum shall be five-tenths of one 26 percent; or

27 (II) At least eleven months but less than twelve months of 28 unemployment benefits, the minimum shall be forty-five hundredths of 29 one percent; or

30 (III) At least twelve months but less than thirteen months of 31 <u>unemployment benefits, the minimum shall be four-tenths of one</u> 32 percent; or

33 (IV) At least thirteen months but less than fifteen months of 34 unemployment benefits, the minimum shall be thirty-five hundredths of 5963-S AMH COND REIN 083 Official Print - 16

	one percent; or
2	(V) At least fifteen months but less than seventeen months of
3	unemployment benefits, the minimum shall be twenty-five hundredths of
4	one percent; or
5	(VI) At least seventeen months but less than eighteen months of
6	unemployment benefits, the minimum shall be fifteen hundredths of one
7	percent; or
8	(VII) At least eighteen months of unemployment benefits, the
9	minimum shall be fifteen hundredths of one percent through rate year
10	2011 and shall be zero thereafter.
11	(ii) The graduated social cost factor rate for each employer in
12	the array is the flat social cost factor multiplied by the percentage
13	specified as follows for the rate class to which the employer has been
14	assigned in (a)(ii) of this subsection, except that the sum of an
15	employer's array calculation factor rate and the graduated social cost
16	factor rate may not exceed six percent or, for employers whose North
17	American industry classification system code is within "111," "112,"
18	"1141," "115," "3114," "3117," "42448," or "49312," may not exceed
19	five and four-tenths percent:
20	(A) Rate class 1 - 78 percent;
21	(B) Rate class 2 - 82 percent;
22	(C) Rate class 3 - 86 percent;
23	(D) Rate class 4 - 90 percent;
24	(E) Rate class 5 - 94 percent;
25	(F) Rate class 6 - 98 percent;
26	(G) Rate class 7 - 102 percent;
27	(H) Rate class 8 - 106 percent;
28	(I) Rate class 9 - 110 percent;
29	(J) Rate class 10 - 114 percent;
30	(K) Rate class 11 - 118 percent; and
31	(L) Rate classes 12 through 40 - 120 percent.
32	(iii) For the purposes of this section:
33	(A) "Total social cost" means the amount calculated by subtracting
34	the array calculation factor contributions paid by all employers with

1 respect to the four consecutive calendar quarters immediately
2 preceding the computation date and paid to the employment security
3 department by the cut-off date from the total unemployment benefits
4 paid to claimants in the same four consecutive calendar quarters.

5 (B) "Total taxable payroll" means the total amount of wages 6 subject to tax, as determined under RCW 50.24.010, for all employers 7 in the four consecutive calendar quarters immediately preceding the 8 computation date and reported to the employment security department by 9 the cut-off date.

10 (c) For employers who do not meet the definition of "qualified 11 employer" by reason of failure to pay contributions when due:

12 (i) The array calculation factor rate shall be two-tenths higher 13 than that in rate class 40, except employers who have an approved 14 agency-deferred payment contract by September 30th of the previous 15 rate year. If any employer with an approved agency-deferred payment 16 contract fails to make any one of the succeeding deferred payments or 17 fails to submit any succeeding tax report and payment in a timely 18 manner, the employer's tax rate shall immediately revert to an array 19 calculation factor rate two-tenths higher than that in rate class 40; 20 and

21 (ii) The social cost factor rate shall be the social cost factor 22 rate assigned to rate class 40 under (b)(ii) of this subsection.

23 (d) For all other employers not qualified to be in the array:

(i) The array calculation factor rate shall be a rate equal to the average industry array calculation factor rate as determined by the commissioner, multiplied by the history factor, but not less than one percent or more than the array calculation factor rate in rate class 40;

29 (ii) The social cost factor rate shall be a rate equal to the 30 average industry social cost factor rate as determined by the 31 commissioner, multiplied by the history factor, but not more than the 32 social cost factor rate assigned to rate class 40 under (b)(ii) of 33 this subsection; and 34 (iii) The history factor shall be based on the total amounts of

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1 benefits charged and contributions paid in the three fiscal years
2 ending prior to the computation date by employers not qualified to be
3 in the array, other than employers in (c) of this subsection, who were
4 first subject to contributions in the calendar year ending three years
5 prior to the computation date. The commissioner shall calculate the
history ratio by dividing the total amount of benefits charged by the
7 total amount of contributions paid in this three-year period by these
8 employers. The division shall be carried to the second decimal place
9 with the remaining fraction disregarded unless it amounts to five one10 hundredths or more, in which case the second decimal place shall be
11 rounded to the next higher digit. The commissioner shall determine
12 the history factor according to the history ratio as follows:

14		History		History
15		Ratio		Factor
16				(percent)
17		At least	Less than	
18	(A)		.95	90
19	<u>(B)</u>	.95	1.05	100
20	<u>(C)</u>	1.05		115

21

13

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

29

30 Sec. 3. RCW 50.20.050 and 2008 c 323 s 1 are each amended to read 31 as follows:

32 (1) ((With respect to claims that have an effective date before 33 January 4, 2004:

34 (a) An individual shall be disqualified from benefits beginning 5963-S AMH COND REIN 083 Official Print - 19 1 with the first day of the calendar week in which he or she has left
2 work voluntarily without good cause and thereafter for seven calendar
3 weeks and until he or she has obtained bona fide work in employment
4 covered by this title and earned wages in that employment equal to
5 seven times his or her weekly benefit amount.

6 The disqualification shall continue if the work obtained is a mere
7 sham to qualify for benefits and is not bona fide work. In
8 determining whether work is of a bona fide nature, the commissioner
9 shall consider factors including but not limited to the following:

10 — (i) The duration of the work;

11 (ii) The extent of direction and control by the employer over the 12 work; and

13 (iii) The level of skill required for the work in light of the 14 individual's training and experience.

15 (b) An individual shall not be considered to have left work
16 voluntarily without good cause when:

17 (i) He or she has left work to accept a bona fide offer of bona 18 fide work as described in (a) of this subsection;

(ii) The separation was because of the illness or disability of the claimant or the death, illness, or disability of a member of the claimant's immediate family if the claimant took all reasonable precautions, in accordance with any regulations that the commissioner may prescribe, to protect his or her employment status by having promptly notified the employer of the reason for the absence and by having promptly requested reemployment when again able to assume employment: PROVIDED, That these precautions need not have been taken when they would have been a futile act, including those instances when the futility of the act was a result of a recognized labor/management dispatch system;

30 (iii) He or she has left work to relocate for the spouse's 31 employment that is due to an employer-initiated mandatory transfer 32 that is outside the existing labor market area if the claimant 33 remained employed as long as was reasonable prior to the move; or

34 — (iv) The separation was necessary to protect the claimant or the

1 claimant's immediate family members from domestic violence, as defined 2 in RCW 26.50.010, or stalking, as defined in RCW 9A.46.110.

3 - (c) In determining under this subsection whether an individual has 4 left work voluntarily without good cause, the commissioner shall only 5 consider work connected factors such as the degree of risk involved to 6 the individual's health, safety, and morals, the individual's physical 7 fitness for the work, the individual's ability to perform the work, 8 and such other work connected factors as the commissioner may deem 9 pertinent, including state and national emergencies. Good cause shall 10 not be established for voluntarily leaving work because of its 11 distance from an individual's residence where the distance was known 12 to the individual at the time he or she accepted the employment and 13 where, in the judgment of the department, the distance is customarily 14 traveled by workers in the individual's job classification and labor 15 market, nor because of any other significant work factor which was 16 generally known and present at the time he or she accepted employment, 17 unless the related circumstances have so changed as to amount to a 18 substantial involuntary deterioration of the work factor or unless the 19 commissioner determines that other related circumstances would work an 20 unreasonable hardship on the individual were he or she required to 21 continue in the employment.

(d) Subsection (1)(a) and (c) of this section shall not apply to an individual whose marital status or domestic responsibilities cause him or her to leave employment. Such an individual shall not be eligible for unemployment insurance benefits beginning with the first day of the calendar week in which he or she left work and thereafter for seven calendar weeks and until he or she has requalified, either by obtaining bona fide work in employment covered by this title and earning wages in that employment equal to seven times his or her weekly benefit amount or by reporting in person to the department during ten different calendar weeks and certifying on each occasion that he or she is ready, able, and willing to immediately accept any suitable work which may be offered, is actively seeking work pursuant to customary trade practices, and is utilizing such employment 1 counseling and placement services as are available through the 2 department. This subsection does not apply to individuals covered by 3 (b)(ii) or (iii) of this subsection.

4 (2)) With respect to claims that have an effective date on or 5 after January 4, 2004, and for separations that occur before September 6 6, 2009:

7 (a) An individual shall be disqualified from benefits beginning 8 with the first day of the calendar week in which he or she has left 9 work voluntarily without good cause and thereafter for seven calendar 10 weeks and until he or she has obtained bona fide work in employment 11 covered by this title and earned wages in that employment equal to 12 seven times his or her weekly benefit amount.

13 The disqualification shall continue if the work obtained is a mere 14 sham to qualify for benefits and is not bona fide work. In 15 determining whether work is of a bona fide nature, the commissioner 16 shall consider factors including but not limited to the following:

17 (i) The duration of the work;

18 (ii) The extent of direction and control by the employer over the 19 work; and

20 (iii) The level of skill required for the work in light of the 21 individual's training and experience.

22 (b) An individual is not disqualified from benefits under (a) of 23 this subsection when:

(i) He or she has left work to accept a bona fide offer of bona25 fide work as described in (a) of this subsection;

26 (ii) The separation was necessary because of the illness or 27 disability of the claimant or the death, illness, or disability of a 28 member of the claimant's immediate family if:

(A) The claimant pursued all reasonable alternatives to preserve of his or her employment status by requesting a leave of absence, by having promptly notified the employer of the reason for the absence, and by having promptly requested reemployment when again able to assume employment. These alternatives need not be pursued, however, when they would have been a futile act, including those instances when

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1 the futility of the act was a result of a recognized labor/management 2 dispatch system; and

3 (B) The claimant terminated his or her employment status, and is 4 not entitled to be reinstated to the same position or a comparable or 5 similar position;

6 (iii)(A) With respect to claims that have an effective date before 7 July 2, 2006, he or she: (I) Left work to relocate for the spouse's 8 employment that, due to a mandatory military transfer: (1) Is outside 9 the existing labor market area; and (2) is in Washington or another 10 state that, pursuant to statute, does not consider such an individual 11 to have left work voluntarily without good cause; and (II) remained 12 employed as long as was reasonable prior to the move;

(B) With respect to claims that have an effective date on or after 14 July 2, 2006, he or she: (I) Left work to relocate for the spouse's 15 employment that, due to a mandatory military transfer, is outside the 16 existing labor market area; and (II) remained employed as long as was 17 reasonable prior to the move;

18 (iv) The separation was necessary to protect the claimant or the 19 claimant's immediate family members from domestic violence, as defined 20 in RCW 26.50.010, or stalking, as defined in RCW 9A.46.110;

(v) The individual's usual compensation was reduced by twenty-five22 percent or more;

23 (vi) The individual's usual hours were reduced by twenty-five 24 percent or more;

25 (vii) The individual's worksite changed, such change caused a 26 material increase in distance or difficulty of travel, and, after the 27 change, the commute was greater than is customary for workers in the 28 individual's job classification and labor market;

29 (viii) The individual's worksite safety deteriorated, the 30 individual reported such safety deterioration to the employer, and the 31 employer failed to correct the hazards within a reasonable period of 32 time;

33 (ix) The individual left work because of illegal activities in the 34 individual's worksite, the individual reported such activities to the 1 employer, and the employer failed to end such activities within a 2 reasonable period of time;

3 (x) The individual's usual work was changed to work that violates 4 the individual's religious convictions or sincere moral beliefs; or 5 (xi) The individual left work to enter an apprenticeship program 6 approved by the Washington state apprenticeship training council. 7 Benefits are payable beginning Sunday of the week prior to the week in 8 which the individual begins active participation in the apprenticeship 9 program.

10 (2) With respect to separations that occur on or after September 11 6, 2009:

(a) An individual shall be disqualified from benefits beginning with the first day of the calendar week in which he or she has left work voluntarily without good cause and thereafter for seven calendar weeks and until he or she has obtained bona fide work in employment covered by this title and earned wages in that employment equal to seven times his or her weekly benefit amount. Good cause reasons to leave work are limited to reasons listed in (b) of this subsection.

19 The disqualification shall continue if the work obtained is a mere 20 sham to qualify for benefits and is not bona fide work. In 21 determining whether work is of a bona fide nature, the commissioner 22 shall consider factors including but not limited to the following:

23 (i) The duration of the work;

24 (ii) The extent of direction and control by the employer over the 25 work; and

26 (iii) The level of skill required for the work in light of the 27 individual's training and experience.

28 (b) An individual has good cause and is not disqualified from 29 benefits under (a) of this subsection only under the following 30 circumstances:

31 (i) He or she has left work to accept a bona fide offer of bona 32 fide work as described in (a) of this subsection;

33 (ii) The separation was necessary because of the illness or 34 disability of the claimant or the death, illness, or disability of a 5963-S AMH COND REIN 083 Official Print - 24 1 member of the claimant's immediate family if:

2 (A) The claimant pursued all reasonable alternatives to preserve 3 his or her employment status by requesting a leave of absence, by 4 having promptly notified the employer of the reason for the absence, 5 and by having promptly requested reemployment when again able to 6 assume employment. These alternatives need not be pursued, however, 7 when they would have been a futile act, including those instances when 8 the futility of the act was a result of a recognized labor/management 9 dispatch system; and 10 (B) The claimant terminated his or her employment status, and is 11 not entitled to be reinstated to the same position or a comparable or 12 similar position; 13 (iii) The claimant: (A) Left work to relocate for the employment 14 of a spouse or domestic partner that is outside the existing labor 15 market area; and (B) remained employed as long as was reasonable prior 16 to the move; 17 (iv) The separation was necessary to protect the claimant or the 18 claimant's immediate family members from domestic violence, as defined 19 in RCW 26.50.010, or stalking, as defined in RCW 9A.46.110; 20 (v) The individual's usual compensation was reduced by twenty-five 21 percent or more; (vi) The individual's usual hours were reduced by twenty-five 22 23 percent or more; (vii) The individual's worksite changed, such change caused a 24 25 material increase in distance or difficulty of travel, and, after the 26 change, the commute was greater than is customary for workers in the 27 individual's job classification and labor market; 28 (viii) The individual's worksite safety deteriorated, the 29 individual reported such safety deterioration to the employer, and the 30 employer failed to correct the hazards within a reasonable period of 31 time; 32 (ix) The individual left work because of illegal activities in the 33 individual's worksite, the individual reported such activities to the 34 employer, and the employer failed to end such activities within a 5963-S AMH COND REIN 083 Official Print - 25

1 reasonable period of time;

2 (x) The individual's usual work was changed to work that violates
3 the individual's religious convictions or sincere moral beliefs; or
4 (xi) The individual left work to enter an apprenticeship program

5 approved by the Washington state apprenticeship training council.
6 Benefits are payable beginning Sunday of the week prior to the week in
7 which the individual begins active participation in the apprenticeship
8 program.

9

10 **Sec. 4.** RCW 50.22.010 and 1993 c 483 s 15 are each amended to 11 read as follows:

12 As used in this chapter, unless the context clearly indicates 13 otherwise:

14 (1) "Extended benefit period" means a period which:

15 (a) Begins with the third week after a week for which there is an 16 "on" indicator; and

17 (b) Ends with the third week after the first week for which there 18 is an "off" indicator: PROVIDED, That no extended benefit period 19 shall last for a period of less than thirteen consecutive weeks, and 20 further that no extended benefit period may begin by reason of an "on" 21 indicator before the fourteenth week after the close of a prior 22 extended benefit period which was in effect with respect to this 23 state.

(2) There is an "on" indicator for this state for a week if the 25 commissioner determines, in accordance with the regulations of the 26 United States secretary of labor, that for the period consisting of 27 such week and the immediately preceding twelve weeks:

(a) The rate of insured unemployment, not seasonally adjusted, equaled or exceeded one hundred twenty percent of the average of such rates for the corresponding thirteen-week period ending in each of the preceding two calendar years and equaled or exceeded five percent; or (b) For benefits for weeks of unemployment beginning after March 36, 1993:

1 (i) The average rate of total unemployment, seasonally adjusted, 2 as determined by the United States secretary of labor, for the period 3 consisting of the most recent three months for which data for all 4 states are published before the close of the week equals or exceeds 5 six and one-half percent; and

6 (ii) The average rate of total unemployment in the state, 7 seasonally adjusted, as determined by the United States secretary of 8 labor, for the three-month period referred to in (b)(i) of this 9 subsection, equals or exceeds one hundred ten percent of the average 10 for either or both of the corresponding three-month periods ending in 11 the two preceding calendar years.

12 (3) "High unemployment period" means any period of unemployment 13 beginning after March 6, 1993, during which an extended benefit period 14 would be in effect if:

15 (a) The average rate of total unemployment, seasonally adjusted, 16 as determined by the United States secretary of labor, for the period 17 consisting of the most recent three months for which data for all 18 states are published before the close of the week equals or exceeds 19 eight percent; and

(b) The average rate of total unemployment in the state, 21 seasonally adjusted, as determined by the United States secretary of 22 labor, for the three-month period referred to in (a) of this 23 subsection, equals or exceeds one hundred ten percent of the average 24 for either or both of the corresponding three-month periods ending in 25 the two preceding calendar years.

(4) There is an "off" indicator for this state for a week only if, for the period consisting of such week and immediately preceding twelve weeks, none of the options specified in subsection (2) or (3) of this section result in an "on" indicator.

30 (5) "Regular benefits" means benefits payable to an individual 31 under this title or under any state law (including benefits payable to 32 federal civilian employees and to ex-servicemen pursuant to 5 U.S.C. 33 chapter 85) other than extended benefits or additional benefits.

1 (6) "Extended benefits" means benefits payable for weeks of 2 unemployment beginning in an extended benefit period to an individual 3 under this title or under any state law (including benefits payable to 4 federal civilian employees and to ex-servicemen pursuant to 5 U.S.C. 5 chapter 85) other than regular or additional benefits.

6 (7) "Additional benefits" are benefits totally financed by the 7 state and payable under this title to exhaustees by reason of 8 conditions of high unemployment or by reason of other special factors.

9 (8) "Eligibility period" of an individual means:

10 <u>(a)</u> The period consisting of the weeks in his or her benefit year 11 which begin in an extended benefit period that is in effect in this 12 state and, if his or her benefit year ends within such extended 13 benefit period, any weeks thereafter which begin in such period; or

14 (b) For an individual who is eligible for emergency unemployment 15 compensation during the extended benefit period beginning February 15, 16 2009, the period consisting of the week ending February 28, 2009, 17 through the week ending May 29, 2010.

18 (9) "Additional benefit eligibility period" of an individual means 19 the period consisting of the weeks in his or her benefit year which 20 begin in an additional benefit period that is in effect and, if his or 21 her benefit year ends within such additional benefit period, any weeks 22 thereafter which begin in such period.

(10) "Exhaustee" means an individual who, with respect to any weekof unemployment in his or her eligibility period:

(a) Has received, prior to such week, all of the regular benefits that were payable to him or her under this title or any other state allowances and regular benefits payable to federal civilian employees and ex-servicemen under 5 U.S.C. chapter benefit year that includes such week; or

30 (b) Has received, prior to such week, all of the regular benefits 31 that were available to him or her under this title or any other state 32 law (including dependents' allowances and regular benefits available 33 to federal civilian employees and ex-servicemen under 5 U.S.C. chapter 34 85) in his or her current benefit year that includes such week, after

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1 the cancellation of some or all of his or her wage credits or the 2 total or partial reduction of his or her rights to regular benefits: 3 PROVIDED, That, for the purposes of (a) and (b), an individual shall 4 be deemed to have received in his or her current benefit year all of 5 the regular benefits that were payable to him or her, or available to 6 him or her, as the case may be, even though:

7 (i) As a result of a pending appeal with respect to wages or 8 employment, or both, that were not included in the original monetary 9 determination with respect to his or her current benefit year, he or 10 she may subsequently be determined to be entitled to more regular 11 benefits; or

12 (ii) By reason of the seasonal provisions of another state law, he 13 or she is not entitled to regular benefits with respect to such week 14 of unemployment (although he or she may be entitled to regular 15 benefits with respect to future weeks of unemployment in the next 16 season, as the case may be, in his or her current benefit year), and 17 he or she is otherwise an exhaustee within the meaning of this section 18 with respect to his or her right to regular benefits under such state 19 law seasonal provisions during the season or off season in which that 20 week of unemployment occurs; or

(iii) Having established a benefit year, no regular benefits are payable to him or her during such year because his or her wage credits were canceled or his or her right to regular benefits was totally reduced as the result of the application of a disqualification; or

(c) His or her benefit year having ended prior to such week, he or she has insufficient wages or employment, or both, on the basis of which he or she could establish in any state a new benefit year that would include such week, or having established a new benefit year that includes such week, he or she is precluded from receiving regular benefits by reason of the provision in RCW 50.04.030 which meets the requirement of section 3304(a)(7) of the Federal Unemployment Tax Act, or the similar provision in any other state law; and

33 (d)(i) Has no right for such week to unemployment benefits or 34 allowances, as the case may be, under the Railroad Unemployment

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1 Insurance Act, the Trade Expansion Act of 1962, and such other federal 2 laws as are specified in regulations issued by the United States 3 secretary of labor; and

4 (ii) Has not received and is not seeking for such week 5 unemployment benefits under the unemployment compensation law of 6 Canada, unless the appropriate agency finally determines that he or 7 she is not entitled to unemployment benefits under such law for such 8 week.

9 (11) "State law" means the unemployment insurance law of any 10 state, approved by the United States secretary of labor under section 11 3304 of the internal revenue code of 1954.

12

<u>NEW SECTION.</u> Sec. 5. If any part of this act is found to be in 14 conflict with federal requirements that are a prescribed condition to 15 the allocation of federal funds to the state or the eligibility of 16 employers in this state for federal unemployment tax credits, the 17 conflicting part of this act is inoperative solely to the extent of 18 the conflict, and the finding or determination does not affect the 19 operation of the remainder of this act. Rules adopted under this act 20 must meet federal requirements that are a necessary condition to the 21 receipt of federal funds by the state or the granting of federal 22 unemployment tax credits to employers in this state.

23

24 <u>NEW SECTION.</u> Sec. 6. If any provision of this act or its 25 application to any person or circumstance is held invalid, the 26 remainder of the act or the application of the provision to other 27 persons or circumstances is not affected.

28

29 <u>NEW SECTION.</u> Sec. 7. Section 4 of this act is necessary for the 30 immediate preservation of the public peace, health, or safety, or 31 support of the state government and its existing public institutions, 32 and takes effect immediately."

33

34 Correct the title.

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EFFECT: Modifies the eligibility period for extended benefits for certain individuals who are eligible for emergency unemployment compensation. Adds an emergency clause applicable to the section relating to extended benefits.

--- END ---