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HOUSE BILL 1034

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State of Washington

54th Legislature

1995 Regular Session

By Representatives Lisk, Chandler, B. Thomas, Horn, Casada, Cooke, Dyer, Brumsickle, Carlson, Sehlin, Foreman, Silver, Thompson, Hickel, Backlund, Crouse, Mitchell, K. Schmidt, Honeyford, Blanton, Mulliken, McMorris, Sheldon and Mielke

Prefiled 12/30/94. Read first time 01/09/95. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to determining unemployment insurance compensation  
2 rates; reenacting and amending RCW 50.29.025 and 50.29.025; providing  
3 an effective date; providing an expiration date; and declaring an  
4 emergency.

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

6 **Sec. 1.** RCW 50.29.025 and 1993 c 483 s 21 and 1993 c 226 s 13 are  
7 each reenacted and amended to read as follows:

8 The contribution rate for each employer shall be determined under  
9 this section.

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

18 (2) The interval of the fund balance ratio, expressed as a  
19 percentage, shall determine which tax schedule in subsection (5) of

1 this section shall be in effect for assigning tax rates for the rate  
2 year except that during rate year 1995 tax schedule AA shall be in  
3 effect. The intervals for determining the effective tax schedule shall  
4 be:

5	Interval of the	Effective
6	Fund Balance Ratio	Tax Schedule
7	Expressed as a Percentage	
8	(( <del>3.90</del> ) <u>2.90</u> and above	AA
9	(( <del>3.40 to 3.89</del> ) <u>2.50 to 2.89</u>	A
10	(( <del>2.90 to 3.39</del> ) <u>2.10 to 2.49</u>	B
11	(( <del>2.40 to 2.89</del> ) <u>1.60 to 2.09</u>	C
12	(( <del>1.90 to 2.39</del> ) <u>1.10 to 1.59</u>	D
13	(( <del>1.40 to 1.89</del> ) <u>0.60 to 1.09</u>	E
14	Less than (( <del>1.40</del> ) <u>0.60</u>	F

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

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

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

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Percent of  
Cumulative  
Taxable Payrolls  
  
(Rate  
Schedule of Contribution Rates  
for Effective Tax Schedule

From	To	Class	AA	A	B	C	D	E	F
0.00	5.00	1	0.48	0.36	0.46	0.86	1.36	1.76	2.36
5.01	10.00	2	0.48	0.36	0.66	1.06	1.56	1.96	2.56
10.01	15.00	3	0.58	0.46	0.86	1.26	1.66	2.16	2.76
15.01	20.00	4	0.58	0.66	1.06	1.46	1.86	2.36	2.96
20.01	25.00	5	0.78	0.86	1.26	1.66	2.06	2.56	3.06
25.01	30.00	6	0.98	1.06	1.46	1.86	2.26	2.66	3.16
30.01	35.00	7	1.08	1.26	1.66	2.06	2.46	2.86	3.26
35.01	40.00	8	1.28	1.46	1.86	2.26	2.66	3.06	3.46
40.01	45.00	9	1.48	1.66	2.06	2.46	2.86	3.26	3.66
45.01	50.00	10	1.68	1.86	2.26	2.66	3.06	3.46	3.86
50.01	55.00	11	1.98	2.16	2.46	2.86	3.26	3.66	3.96
55.01	60.00	12	2.18	2.36	2.66	3.06	3.46	3.86	4.16
60.01	65.00	13	2.38	2.56	2.86	3.26	3.66	4.06	4.36
65.01	70.00	14	2.58	2.76	3.06	3.46	3.86	4.26	4.56
70.01	75.00	15	2.88	2.96	3.26	3.66	4.06	4.46	4.66
75.01	80.00	16	3.08	3.16	3.46	3.86	4.26	4.56	4.76
80.01	85.00	17	3.28	3.36	3.66	4.06	4.46	4.76	4.86
85.01	90.00	18	3.68	3.76	4.06	4.46	4.76	4.86	5.06
90.01	95.00	19	4.08	4.16	4.46	4.86	4.96	5.06	5.26
95.01	100.00	20	5.40	5.40	5.40	5.40	5.40	5.40	5.40

From	To	Class	AA	A	B	C	D	E	F
0.00	5.00	1	0.36	0.36	0.46	0.86	1.36	1.76	2.36
5.01	10.00	2	0.36	0.36	0.66	1.06	1.56	1.96	2.56
10.01	15.00	3	0.46	0.46	0.86	1.26	1.66	2.16	2.76
15.01	20.00	4	0.46	0.66	1.06	1.46	1.86	2.36	2.96
20.01	25.00	5	0.66	0.86	1.26	1.66	2.06	2.56	3.06
25.01	30.00	6	0.86	1.06	1.46	1.86	2.26	2.66	3.16
30.01	35.00	7	0.96	1.26	1.66	2.06	2.46	2.86	3.26
35.01	40.00	8	1.16	1.46	1.86	2.26	2.66	3.06	3.46
40.01	45.00	9	1.36	1.66	2.06	2.46	2.86	3.26	3.66
45.01	50.00	10	1.56	1.86	2.26	2.66	3.06	3.46	3.86
50.01	55.00	11	1.86	2.16	2.46	2.86	3.26	3.66	3.96
55.01	60.00	12	2.06	2.36	2.66	3.06	3.46	3.86	4.16
60.01	65.00	13	2.26	2.56	2.86	3.26	3.66	4.06	4.36
65.01	70.00	14	2.46	2.76	3.06	3.46	3.86	4.26	4.56
70.01	75.00	15	2.76	2.96	3.26	3.66	4.06	4.46	4.66
75.01	80.00	16	2.96	3.16	3.46	3.86	4.26	4.56	4.76
80.01	85.00	17	3.16	3.36	3.66	4.06	4.46	4.76	4.86
85.01	90.00	18	3.56	3.76	4.06	4.46	4.76	4.86	5.06
90.01	95.00	19	3.96	4.16	4.46	4.86	4.96	5.06	5.26

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

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

14 (b) The contribution rate for employers exempt as of December 31,  
15 1989, who are newly covered under the section 78, chapter 380, Laws of  
16 1989 amendment to RCW 50.04.150 and not yet qualified to be in the  
17 array shall be 2.5 percent for employers whose standard industrial code  
18 is "013", "016", "017", "018", "019", "021", or "081"; and

19 (c) For all other employers not qualified to be in the array, the  
20 contribution rate shall be a rate equal to the average industry rate as  
21 determined by the commissioner; however, the rate may not be less than  
22 one percent. Assignment of employers by the commissioner to industrial  
23 classification, for purposes of this subsection, shall be in accordance  
24 with established classification practices found in the "Standard  
25 Industrial Classification Manual" issued by the federal office of  
26 management and budget to the third digit provided in the Standard  
27 Industrial Classification code.

28 **Sec. 2.** RCW 50.29.025 and 1993 c 483 s 21 and 1993 c 226 s 14 are  
29 each reenacted and amended to read as follows:

30 The contribution rate for each employer shall be determined under  
31 this section.

32 (1) A fund balance ratio shall be determined by dividing the  
33 balance in the unemployment compensation fund as of the June 30th  
34 immediately preceding the rate year by the total remuneration paid by  
35 all employers subject to contributions during the second calendar year  
36 preceding the rate year and reported to the department by the following  
37 March 31st. The division shall be carried to the fourth decimal place

1 with the remaining fraction, if any, disregarded. The fund balance  
2 ratio shall be expressed as a percentage.

3 (2) The interval of the fund balance ratio, expressed as a  
4 percentage, shall determine which tax schedule in subsection (5) of  
5 this section shall be in effect for assigning tax rates for the rate  
6 year. The intervals for determining the effective tax schedule shall  
7 be:

8	Interval of the	
9	Fund Balance Ratio	Effective
10	Expressed as a Percentage	Tax Schedule
11	<del>((3.90))</del> <u>2.90</u> and above	AA
12	<del>((3.40 to 3.89))</del> <u>2.50 to 2.89</u>	A
13	<del>((2.90 to 3.39))</del> <u>2.10 to 2.49</u>	B
14	<del>((2.40 to 2.89))</del> <u>1.60 to 2.09</u>	C
15	<del>((1.90 to 2.39))</del> <u>1.10 to 1.59</u>	D
16	<del>((1.40 to 1.89))</del> <u>0.60 to 1.09</u>	E
17	Less than <del>((1.40))</del> <u>0.60</u>	F

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

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

34 (5) The contribution rate for each employer in the array shall be  
35 the rate specified in the following tables for the rate class to which  
36 he or she has been assigned, as determined under subsection (4) of this  
37 section, within the tax schedule which is to be in effect during the  
38 rate year:

	Percent of										
	Cumulative			Schedules of Contributions Rates							
	Taxable Payrolls			for Effective Tax Schedule							
	Rate										
	From	To	Class	AA	A	B	C	D	E	F	
6	0.00	5.00	1	0.48	0.48	0.58	0.98	1.48	1.88	2.48	
7	5.01	10.00	2	0.48	0.48	0.78	1.18	1.68	2.08	2.68	
8	10.01	15.00	3	0.58	0.58	0.98	1.38	1.78	2.28	2.88	
9	15.01	20.00	4	0.58	0.78	1.18	1.58	1.98	2.48	3.08	
10	20.01	25.00	5	0.78	0.98	1.38	1.78	2.18	2.68	3.18	
11	25.01	30.00	6	0.98	1.18	1.58	1.98	2.38	2.78	3.28	
12	30.01	35.00	7	1.08	1.38	1.78	2.18	2.58	2.98	3.38	
13	35.01	40.00	8	1.28	1.58	1.98	2.38	2.78	3.18	3.58	
14	40.01	45.00	9	1.48	1.78	2.18	2.58	2.98	3.38	3.78	
15	45.01	50.00	10	1.68	1.98	2.38	2.78	3.18	3.58	3.98	
16	50.01	55.00	11	1.98	2.28	2.58	2.98	3.38	3.78	4.08	
17	55.01	60.00	12	2.18	2.48	2.78	3.18	3.58	3.98	4.28	
18	60.01	65.00	13	2.38	2.68	2.98	3.38	3.78	4.18	4.48	
19	65.01	70.00	14	2.58	2.88	3.18	3.58	3.98	4.38	4.68	
20	70.01	75.00	15	2.88	3.08	3.38	3.78	4.18	4.58	4.78	
21	75.01	80.00	16	3.08	3.28	3.58	3.98	4.38	4.68	4.88	
22	80.01	85.00	17	3.28	3.48	3.78	4.18	4.58	4.88	4.98	
23	85.01	90.00	18	3.68	3.88	4.18	4.58	4.88	4.98	5.18	
24	90.01	95.00	19	4.08	4.28	4.58	4.98	5.08	5.18	5.38	
25	95.01	100.00	20	5.40	5.40	5.40	5.40	5.40	5.40	5.40	

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

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

38 (b) The contribution rate for employers exempt as of December 31,  
 39 1989, who are newly covered under the section 78, chapter 380, Laws of  
 40 1989 amendment to RCW 50.04.150 and not yet qualified to be in the

1 array shall be 2.5 percent for employers whose standard industrial code  
2 is "013", "016", "017", "018", "019", "021", or "081"; and

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

12 NEW SECTION. **Sec. 3.** (1) Section 1 of this act is necessary for  
13 the immediate preservation of the public peace, health, or safety, or  
14 support of the state government and its existing public institutions,  
15 and shall take effect immediately.

16 (2) Section 2 of this act shall take effect January 1, 1998.

17 NEW SECTION. **Sec. 4.** Section 1 of this act expires January 1,  
18 1998.

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