
ENGROSSED SENATE BILL 5925

State of Washington

54th Legislature

1995 Regular Session

By Senator Pelz

Read first time 02/14/95. Referred to Committee on Labor, Commerce & Trade.

1 AN ACT Relating to determining unemployment insurance compensation
2 rates; reenacting and amending RCW 50.29.025 and 50.29.025; creating a
3 new section; providing an effective date; providing an expiration date;
4 and declaring an 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	((3.90)) <u>2.90</u> and above	AA
9	((3.40 to 3.89)) <u>2.50 to 2.89</u>	A
10	((2.90 to 3.39)) <u>2.10 to 2.49</u>	B
11	((2.40 to 2.89)) <u>1.70 to 2.09</u>	C
12	((1.90 to 2.39)) <u>1.30 to 1.69</u>	D
13	((1.40 to 1.89)) <u>1.00 to 1.29</u>	E
14	Less than ((1.40)) <u>1.00</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:

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	

Rate										
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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(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 six-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 six-tenths percent for the current rate year;

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

(c) For all other employers not qualified to be in the array, the contribution rate shall be a rate equal to the average industry rate as determined by the commissioner; however, the rate may not be less than one percent. Assignment of employers by the commissioner to industrial classification, for purposes of this subsection, 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.

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

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

(1) A fund balance ratio shall be determined by dividing the balance in the unemployment compensation fund as of the June 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

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	((3.90)) <u>2.90</u> and above	AA
12	((3.40 to 3.89)) <u>2.50 to 2.89</u>	A
13	((2.90 to 3.39)) <u>2.10 to 2.49</u>	B
14	((2.40 to 2.89)) <u>1.70 to 2.09</u>	C
15	((1.90 to 2.39)) <u>1.30 to 1.69</u>	D
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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
41 array shall be 2.5 percent for employers whose standard industrial code
42 is "013", "016", "017", "018", "019", "021", or "081"; and

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

10 NEW SECTION. **Sec. 3.** (1) The employment security department in
11 consultation with the senate and house of representatives standing
12 committees shall undertake a study of the unemployment insurance trust
13 fund and the financing provisions of the state's unemployment insurance
14 law. The study shall examine:

15 (a) The historical costs of the state's unemployment program and
16 provide estimates of the expected future costs of the program at
17 average and recession levels;

18 (b) The ability of the current financing system along with other
19 system models to meet expected average costs for the remainder of this
20 decade and into the next century;

21 (c) The ability of the system to provide for a trust fund capable
22 of paying benefits during projected future recessions;

23 (d) The advantages and disadvantages of modifying the existing
24 funding mechanism; and

25 (e) Any other issues deemed necessary by the commissioner of
26 employment security in consultation with the appropriate chairpersons
27 of the house of representatives and senate standing committees.

28 (2) The department may contract with a consulting firm in order to
29 perform the study under this section.

30 (3) The department shall report to the legislature on the findings
31 of its study, including recommendations for changes, if any, in the
32 current financing provisions. The department shall deliver its final
33 report to the legislature by January 1, 1996.

34 NEW SECTION. **Sec. 4.** (1) Section 1 of this act is necessary for
35 the immediate preservation of the public peace, health, or safety, or
36 support of the state government and its existing public institutions,
37 and shall take effect immediately.

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

2 NEW SECTION. **Sec. 5.** Section 1 of this act shall expire January
3 1, 1998.

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