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HOUSE BILL 2416

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State of Washington

56th Legislature

2000 Regular Session

By Representatives Clements, B. Chandler, Delvin, G. Chandler, Radcliff, Carrell, Boldt, Carlson, Buck, Mitchell, Mielke, Wensman, Schoesler, Ericksen, Ballasiotes, D. Schmidt, Parlette, Mastin, Koster, Sump, Talcott, Huff, Fortunato, Mulliken, Pflug, Benson, Thomas, Woods, Hankins, Alexander, D. Sommers, McMorris, Lisk, Skinner and Esser

Read first time 01/12/2000. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to freezing unemployment insurance benefits and  
2 contributions; amending RCW 50.24.010, 50.29.025, and 50.20.120;  
3 creating new sections; 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 50.24.010 and 1984 c 205 s 2 are each amended to read  
7 as follows:

8 Contributions shall accrue and become payable by each employer  
9 (except employers as described in RCW 50.44.010 who have properly  
10 elected to make payments in lieu of contributions and those employers  
11 who are required to make payments in lieu of contributions) for each  
12 calendar year in which the employer is subject to this title at the  
13 rate established pursuant to chapter 50.29 RCW.

14 In each rate year, the amount of wages subject to tax for each  
15 individual shall be one hundred fifteen percent of the amount of wages  
16 subject to tax for the previous year rounded to the next lower one  
17 hundred dollars(~~(:—PROVIDED)~~), except that the amount of wages subject  
18 to tax in any rate year shall not exceed eighty percent of the "average  
19 annual wage for contributions purposes" for the second preceding

1 calendar year rounded to the next lower one hundred dollars(~~(+~~  
2 ~~PROVIDED FURTHER, That~~)). However, the amount subject to tax shall be  
3 ~~((twelve))~~ twenty-four thousand three hundred dollars for rate ~~((year~~  
4 ~~1984 and ten thousand dollars for rate year 1985))~~ year 2000, and the  
5 first calendar quarter of rate year 2001.

6 In making computations under this section and RCW 50.29.010, wages  
7 paid based on services for employers making payments in lieu of  
8 contributions shall not be considered remuneration. Moneys paid from  
9 the fund, based on services performed for employers who make payments  
10 in lieu of contributions, which have not been reimbursed to the fund as  
11 of any June 30 shall be deemed an asset of the unemployment  
12 compensation fund, to the extent that such moneys exceed the amount of  
13 payments in lieu of contributions which the commissioner has previously  
14 determined to be uncollectible: PROVIDED, FURTHER, That the amount  
15 attributable to employment with the state shall also include interest  
16 as provided for in RCW 50.44.020.

17 Contributions shall become due and be paid by each employer to the  
18 treasurer for the unemployment compensation fund in accordance with  
19 such regulations as the commissioner may prescribe, and shall not be  
20 deducted, in whole or in part, from the remuneration of individuals in  
21 employment of the employer. Any deduction in violation of the  
22 provisions of this section shall be unlawful.

23 In the payment of any contributions, a fractional part of a cent  
24 shall be disregarded unless it amounts to one-half cent or more, in  
25 which case it shall be increased to one cent.

26 **Sec. 2.** RCW 50.29.025 and 1995 c 4 s 2 are each amended to read as  
27 follows:

28 The contribution rate for each employer subject to contributions  
29 under RCW 50.24.010 shall be determined under this section.

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

1 (2) The interval of the fund balance ratio, expressed as a  
2 percentage, shall determine which tax schedule in subsection (5) of  
3 this section shall be in effect for assigning tax rates for the rate  
4 year, except that during rate year 2000, and the first calendar quarter  
5 of rate year 2001, tax schedule A shall be in effect. The intervals  
6 for determining the effective tax schedule shall be:

7	Interval of the	Effective
8	Fund Balance Ratio	Tax Schedule
9	Expressed as a Percentage	
10	2.90 and above	AA
11	2.50 to 2.89	A
12	2.10 to 2.49	B
13	1.70 to 2.09	C
14	1.30 to 1.69	D
15	1.00 to 1.29	E
16	Less than 1.00	F

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

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

33 (5) Except as provided in RCW 50.29.026, the contribution rate for  
34 each employer in the array shall be the rate specified in the following  
35 tables for the rate class to which he or she has been assigned, as  
36 determined under subsection (4) of this section, within the tax  
37 schedule which is to be in effect during the rate year:

	Percent of Cumulative Taxable Payrolls										
	Schedules of Contributions Rates 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)) a contribution rate ((of five and six-tenths percent))  
31 two-tenths higher than that in rate class 20 for the applicable rate  
32 year, except employers who have an approved agency-deferred payment  
33 contract by September 30 of the previous rate year. If any employer  
34 with an approved agency-deferred payment contract fails to make any one  
35 of the succeeding deferred payments or fails to submit any succeeding  
36 tax report and payment in a timely manner, the employer's tax rate  
37 shall immediately revert to ((five and six-tenths percent for the  
38 current)) a contribution rate two-tenths higher than that in rate class  
39 20 for the applicable rate year; and

40 (b) ((The contribution rate for employers exempt as of December 31,  
41 1989, who are newly covered under the section 78, chapter 380, Laws of

1 1989 amendment to RCW 50.04.150 and not yet qualified to be in the  
2 array shall be 2.5 percent for employers whose standard industrial code  
3 is "013", "016", "017", "018", "019", "021", or "081"; and

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

14 **Sec. 3.** RCW 50.20.120 and 1993 c 483 s 12 are each amended to read  
15 as follows:

16 (1) Subject to the other provisions of this title, benefits shall  
17 be payable to any eligible individual during the individual's benefit  
18 year in a maximum amount equal to the lesser of thirty times the weekly  
19 benefit amount (determined hereinafter) or one-third of the  
20 individual's base year wages under this title: PROVIDED, That as to  
21 any week beginning on and after March 31, 1981, which falls in an  
22 extended benefit period as defined in RCW 50.22.010(1), ((as now or  
23 hereafter amended,)) an individual's eligibility for maximum benefits  
24 in excess of twenty-six times his or her weekly benefit amount will be  
25 subject to the terms and conditions set forth in RCW 50.22.020((, as  
26 now or hereafter amended)).

27 (2)(a) An individual's weekly benefit amount shall be an amount  
28 equal to one twenty-fifth of the average quarterly wages of the  
29 individual's total wages during the two quarters of the individual's  
30 base year in which such total wages were highest.

31 (b) The maximum and minimum amounts payable weekly shall be  
32 determined as of each June 30th to apply to benefit years beginning in  
33 the twelve-month period immediately following such June 30th. Except  
34 as otherwise provided in this subsection: (i) The maximum amount  
35 payable weekly shall be seventy percent of the "average weekly wage"  
36 for the calendar year preceding such June 30th((-)); and (ii) the  
37 minimum amount payable weekly shall be fifteen percent of the "average  
38 weekly wage" for the calendar year preceding such June 30th. For

1 benefit years beginning after June 30, 2000, but before April 1, 2001,  
2 the maximum and minimum amounts payable weekly shall be the amounts  
3 determined as of June 30, 1999. For benefit years beginning on or  
4 after April 1, 2001, but before July 1, 2001, the maximum and minimum  
5 amounts payable weekly shall be the amounts determined as of June 30,  
6 2000.

7 (c) If any weekly benefit, maximum benefit, or minimum benefit  
8 amount computed herein is not a multiple of one dollar, it shall be  
9 reduced to the next lower multiple of one dollar.

10 NEW SECTION. Sec. 4. (1) A legislative task force is established  
11 to undertake a comprehensive review of unemployment insurance benefits  
12 and contributions, including the impact of the benefits and  
13 contributions freeze under RCW 50.24.010, 50.29.025, and 50.20.120.  
14 The task force shall consist of nine members as follows:

15 (a) One member from each of the two largest caucuses of the senate,  
16 appointed by the president of the senate;

17 (b) One member from each of the two largest caucuses of the house  
18 of representatives, appointed by the co-speakers of the house of  
19 representatives;

20 (c) Two members representing business, one representing seasonal  
21 businesses and one representing nonseasonal businesses, and two members  
22 representing labor, appointed jointly by the president of the senate  
23 and the co-speakers of the house of representatives; and

24 (d) One member representing the governor, appointed by the  
25 governor.

26 (2) The employment security department shall cooperate with the  
27 task force and provide such reasonable technical support as the task  
28 force chair may request.

29 (3) The task force shall use legislative facilities and staff from  
30 senate committee services and the office of program research, but may  
31 hire additional staff with specific technical expertise if such  
32 expertise is necessary to carry out the mandates of this study. Each  
33 nonlegislative member of the task force shall be reimbursed for travel  
34 expenses in accordance with RCW 43.03.050 and 43.03.060. All expenses  
35 of the task force, including travel, shall be paid jointly by the  
36 senate and the house of representatives.

37 (4) The task force shall report its findings and recommendations to  
38 the appropriate committees of the legislature by October 1, 2000.

1 (5) This section expires July 1, 2001.

2 NEW SECTION. **Sec. 5.** If any part of this act is found to be in  
3 conflict with federal requirements that are a prescribed condition to  
4 the allocation of federal funds to the state or the eligibility of  
5 employers in this state for federal unemployment tax credits, the  
6 conflicting part of this act is inoperative solely to the extent of the  
7 conflict, and the finding or determination does not affect the  
8 operation of the remainder of this act. Rules adopted under this act  
9 must meet federal requirements that are a necessary condition to the  
10 receipt of federal funds by the state or the granting of federal  
11 unemployment tax credits to employers in this state.

12 NEW SECTION. **Sec. 6.** If any provision of this act or its  
13 application to any person or circumstance is held invalid, the  
14 remainder of the act or the application of the provision to other  
15 persons or circumstances is not affected.

16 NEW SECTION. **Sec. 7.** This act is necessary for the immediate  
17 preservation of the public peace, health, or safety, or support of the  
18 state government and its existing public institutions, and takes effect  
19 immediately.

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