
HOUSE BILL 1085

State of Washington

54th Legislature

1995 Regular Session

By Representatives Lisk, Honeyford, McMorris, Koster, Schoesler, Brumsickle, Casada, Blanton, Mulliken, Stevens, Johnson, Horn, Huff, Silver, Foreman, Mitchell, Hickel, Sherstad, Backlund, Benton, Mielke and Elliot

Read first time 01/12/95. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to determining unemployment insurance contribution
2 rates; amending RCW 50.16.094, 50.22.090, 50.29.020, and 50.29.062;
3 reenacting and amending RCW 50.29.025; creating a new section;
4 providing an effective date; providing an expiration date; and
5 declaring an emergency.

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

7 **Sec. 1.** RCW 50.16.094 and 1993 c 226 s 6 are each amended to read
8 as follows:

9 An individual may be eligible for applicable employment security
10 benefits while participating in work force training. Eligibility is at
11 the discretion of the commissioner of employment security after
12 submitting a commissioner-approved training waiver and developing a
13 detailed individualized training plan.

14 ~~((Benefits paid under this section may not be charged to the
15 experience rating accounts of individual employers.))~~

16 The commissioner shall adopt rules as necessary to implement this
17 section.

1 **Sec. 2.** RCW 50.22.090 and 1993 c 316 s 10 are each amended to read
2 as follows:

3 (1) An additional benefit period is established for counties
4 identified under subsection (2) of this section beginning on the first
5 Sunday after July 1, 1991, and for the forest products industry
6 beginning with the third week after the first Sunday after July 1,
7 1991. Benefits shall be paid as provided in subsection (3) of this
8 section to exhaustees eligible under subsection (4) of this section.

9 (2) The additional benefit period applies to counties having a
10 population of less than five hundred thousand beginning with the third
11 week after a week in which the commissioner determines that a county
12 meets two of the following three criteria, as determined by the
13 department, for the most recent year in which such data is available:

14 (a) A lumber and wood products employment location quotient at or above
15 the state average; (b) projected or actual direct lumber and wood
16 products job losses of one hundred positions or more, except counties
17 having a population greater than two hundred thousand but less than
18 five hundred thousand must have direct lumber and wood products job
19 losses of one thousand positions or more; or (c) an annual unemployment
20 rate twenty percent or more above the state average. The additional
21 benefit period for a county may end no sooner than fifty-two weeks
22 after the additional benefit period begins.

23 (3) Additional benefits shall be paid as follows:

24 (a) No new claims for additional benefits shall be accepted for
25 weeks beginning after July 1, 1995, but for claims established on or
26 before July 1, 1995, weeks of unemployment occurring after July 1,
27 1995, shall be compensated as provided in this section.

28 (b) The total additional benefit amount shall be one hundred four
29 times the individual's weekly benefit amount, reduced by the total
30 amount of regular benefits and extended benefits paid, or deemed paid,
31 with respect to the benefit year. Additional benefits shall not be
32 payable for weeks more than two years beyond the end of the benefit
33 year of the regular claim for an individual whose benefit year ends on
34 or after July 27, 1991, and shall not be payable for weeks ending on or
35 after two years after March 26, 1992, for individuals who become
36 eligible as a result of chapter 47, Laws of 1992.

37 (c) Notwithstanding the provisions of (b) of this subsection,
38 individuals will be entitled to up to five additional weeks of benefits
39 following the completion or termination of training.

1 (d) The weekly benefit amount shall be calculated as specified in
2 RCW 50.22.040.

3 (e) Benefits paid under this section shall be paid under the same
4 terms and conditions as regular benefits (~~and shall not be charged to~~
5 ~~the experience rating account of individual employers~~). The
6 additional benefit period shall be suspended with the start of an
7 extended benefit period, or any totally federally funded benefit
8 program, with eligibility criteria and benefits comparable to the
9 program established by this section, and shall resume the first week
10 following the end of the federal program.

11 (f) The amendments in chapter 316, Laws of 1993 affecting
12 subsection (3) (b) and (c) of this section shall apply in the case of
13 all individuals determined to be monetarily eligible under this section
14 without regard to the date eligibility was determined.

15 (4) An additional benefit eligibility period is established for any
16 exhaustee who:

17 (a)(i) At the time of last separation from employment, resided in
18 or was employed in a county identified under subsection (2) of this
19 section; or

20 (ii) During his or her base year, earned wages in at least six
21 hundred eighty hours in the forest products industry, which shall be
22 determined by the department but shall include the industries assigned
23 the major group standard industrial classification codes "24" and "26"
24 and the industries involved in the harvesting and management of logs,
25 transportation of logs and wood products, processing of wood products,
26 and the manufacturing and distribution of wood processing and logging
27 equipment. The commissioner may adopt rules further interpreting the
28 industries covered under this subsection. For the purposes of this
29 subsection, "standard industrial classification code" means the code
30 identified in RCW 50.29.025(6)(c); and

31 (b)(i) Has received notice of termination or layoff; and

32 (ii) Is unlikely to return to employment in his or her principal
33 occupation or previous industry because of a diminishing demand within
34 his or her labor market for his or her skills in the occupation or
35 industry; and

36 (c)(i)(A) Is notified by the department of the requirements of this
37 section and develops an individual training program that is submitted
38 to the commissioner for approval not later than sixty days after the
39 individual is notified of the requirements of this section, and enters

1 the approved training program not later than ninety days after the date
2 of the individual's termination or layoff, or ninety days after July 1,
3 1991, whichever is later, unless the department determines that the
4 training is not available during the ninety-day period, in which case
5 the individual shall enter training as soon as it is available; or

6 (B) Is unemployed as the result of a plant closure that occurs
7 after November 1, 1992, in a county identified under subsection (2) of
8 this section, did not comply with the requirements of (c)(i)(A) of this
9 subsection due to good cause as demonstrated to the department, such as
10 ambiguity over possible sale of the plant, develops a training program
11 that is submitted to the commissioner for approval not later than sixty
12 days from a date determined by the department to accommodate the good
13 cause, and enters the approved training program not later than ninety
14 days after the revised date established by the department, unless the
15 department determines that the training is not available during the
16 ninety-day period, in which case the individual shall enter training as
17 soon as it is available; or

18 (ii) Is enrolled in training approved under this section on a full-
19 time basis and maintains satisfactory progress in the training; and

20 (d) Does not receive a training allowance or stipend under the
21 provisions of any federal or state law.

22 (5) For the purposes of this section:

23 (a) "Training program" means:

24 (i) A remedial education program determined to be necessary after
25 counseling at the educational institution in which the individual
26 enrolls pursuant to his or her approved training program; or

27 (ii) A vocational training program at an educational institution
28 that:

29 (A) Is training for a labor demand occupation;

30 (B) Is likely to facilitate a substantial enhancement of the
31 individual's marketable skills and earning power; and

32 (C) Does not include on-the-job training or other training under
33 which the individual is paid by an employer for work performed by the
34 individual during the time that the individual receives additional
35 benefits under subsection (1) of this section.

36 (b) "Educational institution" means an institution of higher
37 education as defined in RCW 28B.10.016 or an educational institution as
38 defined in RCW 28C.04.410(3).

1 (c) "Training allowance or stipend" means discretionary use, cash-
2 in-hand payments available to the individual to be used as the
3 individual sees fit, but does not mean direct or indirect compensation
4 for training costs, such as tuition or books and supplies.

5 (6) The commissioner shall adopt rules as necessary to implement
6 this section.

7 (7) For the purpose of this section, an individual who has a
8 benefit year beginning after January 1, 1989, and ending before July
9 27, 1991, shall be treated as if his or her benefit year ended on July
10 27, 1991.

11 **Sec. 3.** RCW 50.29.020 and 1993 c 483 s 19 are each amended to read
12 as follows:

13 (1) An experience rating account shall be established and
14 maintained for each employer, except employers as described in RCW
15 50.44.010 and 50.44.030 who have properly elected to make payments in
16 lieu of contributions, taxable local government employers as described
17 in RCW 50.44.035, and those employers who are required to make payments
18 in lieu of contributions, based on existing records of the employment
19 security department. Benefits paid to any eligible individuals shall
20 be charged to the experience rating accounts of each of such
21 individual's employers during the individual's base year in the same
22 ratio that the wages paid by each employer to the individual during the
23 base year bear to the wages paid by all employers to that individual
24 during that base year, except as otherwise provided in this section.

25 (2) The legislature finds that certain benefit payments, in whole
26 or in part, should not be charged to the experience rating accounts of
27 employers except those employers described in RCW 50.44.010 and
28 50.44.030 who have properly elected to make payments in lieu of
29 contributions, taxable local government employers described in RCW
30 50.44.035, and those employers who are required to make payments in
31 lieu of contributions, as follows:

32 (a) Benefits paid to any individuals later determined to be
33 ineligible shall not be charged to the experience rating account of any
34 contribution paying employer.

35 (b) ~~((Benefits paid to an individual under the provisions of RCW
36 50.12.050 shall not be charged to the account of any contribution
37 paying employer if the wage credits earned in this state by the~~

1 individual during his or her base year are less than the minimum amount
2 necessary to qualify the individual for unemployment benefits.

3 ~~((e))~~ Benefits paid to an individual filing under the provisions of
4 chapter 50.06 RCW shall not be charged to the experience rating account
5 of any contribution paying employer only if:

6 (i) The individual files under RCW 50.06.020(1) after receiving
7 crime victims' compensation for a disability resulting from a nonwork-
8 related occurrence; or

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

10 ~~((d))~~ (c) Benefits paid which represent the state's share of
11 benefits payable under chapter 50.22 RCW shall not be charged to the
12 experience rating account of any contribution paying employer.

13 ~~((e))~~ (d) In the case of individuals who requalify for benefits
14 under RCW 50.20.050 or 50.20.060, benefits based on wage credits earned
15 prior to the disqualifying separation shall not be charged to the
16 experience rating account of the contribution paying employer from whom
17 that separation took place.

18 ~~((f))~~ (e) In the case of individuals identified under RCW
19 50.20.015, benefits paid with respect to a calendar quarter, which
20 exceed the total amount of wages earned in the state of Washington in
21 the higher of two corresponding calendar quarters included within the
22 individual's determination period, as defined in RCW 50.20.015, shall
23 not be charged to the experience rating account of any contribution
24 paying employer.

25 ~~((g) Benefits paid to an individual who does not successfully~~
26 ~~complete an approved on the job training program under RCW 50.12.240~~
27 ~~may not be charged to the experience rating account of the~~
28 ~~contribution paying employer who provided the approved on the job~~
29 ~~training.))~~

30 (3)(a) Beginning July 1, 1985, a contribution-paying base year
31 employer, not otherwise eligible for relief of charges for benefits
32 under this section, may receive such relief if the benefit charges
33 result from payment to an individual who:

34 (i) Last left the employ of such employer voluntarily for reasons
35 not attributable to the employer;

36 (ii) Was discharged for misconduct connected with his or her work
37 not a result of inability to meet the minimum job requirements;

38 (iii) Is unemployed as a result of closure or severe curtailment of
39 operation at the employer's plant, building, work site, or other

1 facility. This closure must be for reasons directly attributable to a
2 catastrophic occurrence such as fire, flood, or other natural disaster;
3 or

4 (iv) Continues to be employed on a regularly scheduled permanent
5 part-time basis by a base year employer and who at some time during the
6 base year was concurrently employed and subsequently separated from at
7 least one other base year employer. Benefit charge relief ceases when
8 the employment relationship between the employer requesting relief and
9 the claimant is terminated. This subsection does not apply to shared
10 work employers under chapter 50.60 RCW.

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

18 **Sec. 4.** RCW 50.29.025 and 1993 c 483 s 21 and 1993 c 226 s 13 are
19 each reenacted and amended to read as follows:

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

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

30 (2) The interval of the fund balance ratio, expressed as a
31 percentage, shall determine which tax schedule in subsection (5) of
32 this section shall be in effect for assigning tax rates for the rate
33 year except that during rate year 1995 tax schedule AA shall be in
34 effect. The intervals for determining the effective tax schedule shall
35 be:

| | | |
|----|---|--------------|
| 1 | Interval of the | |
| 2 | Fund Balance Ratio | Effective |
| 3 | Expressed as a Percentage | Tax Schedule |
| 4 | ((3.90)) <u>2.90</u> and above | AA |
| 5 | ((3.40 to 3.89)) <u>2.50 to 2.89</u> | A |
| 6 | ((2.90 to 3.39)) <u>2.10 to 2.49</u> | B |
| 7 | ((2.40 to 2.89)) <u>1.60 to 2.09</u> | C |
| 8 | ((1.90 to 2.39)) <u>1.10 to 1.59</u> | D |
| 9 | ((1.40 to 1.89)) <u>0.60 to 1.09</u> | E |
| 10 | Less than ((1.40)) <u>0.60</u> | F |

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

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

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

| | | | | | | | | | | |
|----|------------------|-------|--------------------------------|------|------|------|------|------|------|------|
| 32 | Percent of | | | | | | | | | |
| 33 | Cumulative | | Schedule of Contribution Rates | | | | | | | |
| 34 | Taxable Payrolls | | for Effective Tax Schedule | | | | | | | |
| 35 | | | ((Rate | | | | | | | |
| 36 | From | To | Class | AA | A | B | C | D | E | F |
| 37 | 0.00 | 5.00 | 1 | 0.48 | 0.36 | 0.46 | 0.86 | 1.36 | 1.76 | 2.36 |
| 38 | 5.01 | 10.00 | 2 | 0.48 | 0.36 | 0.66 | 1.06 | 1.56 | 1.96 | 2.56 |
| 39 | 10.01 | 15.00 | 3 | 0.58 | 0.46 | 0.86 | 1.26 | 1.66 | 2.16 | 2.76 |

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

| | | | | | | | | | | | | |
|----|--------------|---------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--|--|
| 18 | | | | <u>Rate</u> | | | | | | | | |
| 19 | <u>From</u> | <u>To</u> | <u>Class</u> | <u>AA</u> | <u>A</u> | <u>B</u> | <u>C</u> | <u>D</u> | <u>E</u> | <u>F</u> | | |
| 20 | <u>0.00</u> | <u>5.00</u> | <u>1</u> | <u>0.36</u> | <u>0.36</u> | <u>0.46</u> | <u>0.86</u> | <u>1.36</u> | <u>1.76</u> | <u>2.36</u> | | |
| 21 | <u>5.01</u> | <u>10.00</u> | <u>2</u> | <u>0.36</u> | <u>0.36</u> | <u>0.66</u> | <u>1.06</u> | <u>1.56</u> | <u>1.96</u> | <u>2.56</u> | | |
| 22 | <u>10.01</u> | <u>15.00</u> | <u>3</u> | <u>0.46</u> | <u>0.46</u> | <u>0.86</u> | <u>1.26</u> | <u>1.66</u> | <u>2.16</u> | <u>2.76</u> | | |
| 23 | <u>15.01</u> | <u>20.00</u> | <u>4</u> | <u>0.46</u> | <u>0.66</u> | <u>1.06</u> | <u>1.46</u> | <u>1.86</u> | <u>2.36</u> | <u>2.96</u> | | |
| 24 | <u>20.01</u> | <u>25.00</u> | <u>5</u> | <u>0.66</u> | <u>0.86</u> | <u>1.26</u> | <u>1.66</u> | <u>2.06</u> | <u>2.56</u> | <u>3.06</u> | | |
| 25 | <u>25.01</u> | <u>30.00</u> | <u>6</u> | <u>0.86</u> | <u>1.06</u> | <u>1.46</u> | <u>1.86</u> | <u>2.26</u> | <u>2.66</u> | <u>3.16</u> | | |
| 26 | <u>30.01</u> | <u>35.00</u> | <u>7</u> | <u>0.96</u> | <u>1.26</u> | <u>1.66</u> | <u>2.06</u> | <u>2.46</u> | <u>2.86</u> | <u>3.26</u> | | |
| 27 | <u>35.01</u> | <u>40.00</u> | <u>8</u> | <u>1.16</u> | <u>1.46</u> | <u>1.86</u> | <u>2.26</u> | <u>2.66</u> | <u>3.06</u> | <u>3.46</u> | | |
| 28 | <u>40.01</u> | <u>45.00</u> | <u>9</u> | <u>1.36</u> | <u>1.66</u> | <u>2.06</u> | <u>2.46</u> | <u>2.86</u> | <u>3.26</u> | <u>3.66</u> | | |
| 29 | <u>45.01</u> | <u>50.00</u> | <u>10</u> | <u>1.56</u> | <u>1.86</u> | <u>2.26</u> | <u>2.66</u> | <u>3.06</u> | <u>3.46</u> | <u>3.86</u> | | |
| 30 | <u>50.01</u> | <u>55.00</u> | <u>11</u> | <u>1.86</u> | <u>2.16</u> | <u>2.46</u> | <u>2.86</u> | <u>3.26</u> | <u>3.66</u> | <u>3.96</u> | | |
| 31 | <u>55.01</u> | <u>60.00</u> | <u>12</u> | <u>2.06</u> | <u>2.36</u> | <u>2.66</u> | <u>3.06</u> | <u>3.46</u> | <u>3.86</u> | <u>4.16</u> | | |
| 32 | <u>60.01</u> | <u>65.00</u> | <u>13</u> | <u>2.26</u> | <u>2.56</u> | <u>2.86</u> | <u>3.26</u> | <u>3.66</u> | <u>4.06</u> | <u>4.36</u> | | |
| 33 | <u>65.01</u> | <u>70.00</u> | <u>14</u> | <u>2.46</u> | <u>2.76</u> | <u>3.06</u> | <u>3.46</u> | <u>3.86</u> | <u>4.26</u> | <u>4.56</u> | | |
| 34 | <u>70.01</u> | <u>75.00</u> | <u>15</u> | <u>2.76</u> | <u>2.96</u> | <u>3.26</u> | <u>3.66</u> | <u>4.06</u> | <u>4.46</u> | <u>4.66</u> | | |
| 35 | <u>75.01</u> | <u>80.00</u> | <u>16</u> | <u>2.96</u> | <u>3.16</u> | <u>3.46</u> | <u>3.86</u> | <u>4.26</u> | <u>4.56</u> | <u>4.76</u> | | |
| 36 | <u>80.01</u> | <u>85.00</u> | <u>17</u> | <u>3.16</u> | <u>3.36</u> | <u>3.66</u> | <u>4.06</u> | <u>4.46</u> | <u>4.76</u> | <u>4.86</u> | | |
| 37 | <u>85.01</u> | <u>90.00</u> | <u>18</u> | <u>3.56</u> | <u>3.76</u> | <u>4.06</u> | <u>4.46</u> | <u>4.76</u> | <u>4.86</u> | <u>5.06</u> | | |
| 38 | <u>90.01</u> | <u>95.00</u> | <u>19</u> | <u>3.96</u> | <u>4.16</u> | <u>4.46</u> | <u>4.86</u> | <u>4.96</u> | <u>5.06</u> | <u>5.26</u> | | |
| 39 | <u>95.01</u> | <u>100.00</u> | <u>20</u> | <u>5.40</u> | | |

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

42 (a) Employers who do not meet the definition of "qualified
43 employer" by reason of failure to pay contributions when due shall be
44 assigned the contribution rate of five and six-tenths percent, except

1 employers who have an approved agency-deferred payment contract by
2 September 30 of the previous rate year. If any employer with an
3 approved agency-deferred payment contract fails to make any one of the
4 succeeding deferred payments or fails to submit any succeeding tax
5 report and payment in a timely manner, the employer's tax rate shall
6 immediately revert to five and six-tenths percent for the current rate
7 year;

8 (b) The contribution rate for employers exempt as of December 31,
9 1989, who are newly covered under the section 78, chapter 380, Laws of
10 1989 amendment to RCW 50.04.150 and not yet qualified to be in the
11 array shall be 2.5 percent for employers whose standard industrial code
12 is "013", "016", "017", "018", "019", "021", or "081"; and

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

22 **Sec. 5.** RCW 50.29.025 and 1993 c 483 s 21 and 1993 c 226 s 14 are
23 each reenacted and amended to read as follows:

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

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

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

| Interval of the Fund Balance Ratio Expressed as a Percentage | Effective Tax Schedule |
|--|---------------------------|
| ((3.90)) <u>2.90</u> and above | AA |
| ((3.40 to 3.89)) <u>2.50 to 2.89</u> | A |
| ((2.90 to 3.39)) <u>2.10 to 2.49</u> | B |
| ((2.40 to 2.89)) <u>1.60 to 2.09</u> | C |
| ((1.90 to 2.39)) <u>1.10 to 1.59</u> | D |
| ((1.40 to 1.89)) <u>0.60 to 1.09</u> | E |
| Less than ((1.40)) <u>0.60</u> | F |

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

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

(5) The contribution rate for each employer in the array shall be the rate specified in the following tables for the rate class to which he or she has been assigned, as determined under subsection (4) of this section, within the tax 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 | | | AA | A | B | C | D | E | F | |
| From | To | Class | | | | | | | | |
| 0.00 | 5.00 | 1 | 0.48 | 0.48 | 0.58 | 0.98 | 1.48 | 1.88 | 2.48 | |
| 5.01 | 10.00 | 2 | 0.48 | 0.48 | 0.78 | 1.18 | 1.68 | 2.08 | 2.68 | |

| | | | | | | | | | | |
|----|-------|--------|----|------|------|------|------|------|------|------|
| 1 | 10.01 | 15.00 | 3 | 0.58 | 0.58 | 0.98 | 1.38 | 1.78 | 2.28 | 2.88 |
| 2 | 15.01 | 20.00 | 4 | 0.58 | 0.78 | 1.18 | 1.58 | 1.98 | 2.48 | 3.08 |
| 3 | 20.01 | 25.00 | 5 | 0.78 | 0.98 | 1.38 | 1.78 | 2.18 | 2.68 | 3.18 |
| 4 | 25.01 | 30.00 | 6 | 0.98 | 1.18 | 1.58 | 1.98 | 2.38 | 2.78 | 3.28 |
| 5 | 30.01 | 35.00 | 7 | 1.08 | 1.38 | 1.78 | 2.18 | 2.58 | 2.98 | 3.38 |
| 6 | 35.01 | 40.00 | 8 | 1.28 | 1.58 | 1.98 | 2.38 | 2.78 | 3.18 | 3.58 |
| 7 | 40.01 | 45.00 | 9 | 1.48 | 1.78 | 2.18 | 2.58 | 2.98 | 3.38 | 3.78 |
| 8 | 45.01 | 50.00 | 10 | 1.68 | 1.98 | 2.38 | 2.78 | 3.18 | 3.58 | 3.98 |
| 9 | 50.01 | 55.00 | 11 | 1.98 | 2.28 | 2.58 | 2.98 | 3.38 | 3.78 | 4.08 |
| 10 | 55.01 | 60.00 | 12 | 2.18 | 2.48 | 2.78 | 3.18 | 3.58 | 3.98 | 4.28 |
| 11 | 60.01 | 65.00 | 13 | 2.38 | 2.68 | 2.98 | 3.38 | 3.78 | 4.18 | 4.48 |
| 12 | 65.01 | 70.00 | 14 | 2.58 | 2.88 | 3.18 | 3.58 | 3.98 | 4.38 | 4.68 |
| 13 | 70.01 | 75.00 | 15 | 2.88 | 3.08 | 3.38 | 3.78 | 4.18 | 4.58 | 4.78 |
| 14 | 75.01 | 80.00 | 16 | 3.08 | 3.28 | 3.58 | 3.98 | 4.38 | 4.68 | 4.88 |
| 15 | 80.01 | 85.00 | 17 | 3.28 | 3.48 | 3.78 | 4.18 | 4.58 | 4.88 | 4.98 |
| 16 | 85.01 | 90.00 | 18 | 3.68 | 3.88 | 4.18 | 4.58 | 4.88 | 4.98 | 5.18 |
| 17 | 90.01 | 95.00 | 19 | 4.08 | 4.28 | 4.58 | 4.98 | 5.08 | 5.18 | 5.38 |
| 18 | 95.01 | 100.00 | 20 | 5.40 | 5.40 | 5.40 | 5.40 | 5.40 | 5.40 | 5.40 |

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

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

31 (b) The contribution rate for employers exempt as of December 31,
32 1989, who are newly covered under the section 78, chapter 380, Laws of
33 1989 amendment to RCW 50.04.150 and not yet qualified to be in the
34 array shall be 2.5 percent for employers whose standard industrial code
35 is "013", "016", "017", "018", "019", "021", or "081"; and

36 (c) For all other employers not qualified to be in the array, the
37 contribution rate shall be a rate equal to the average industry rate as
38 determined by the commissioner; however, the rate may not be less than
39 one percent. Assignment of employers by the commissioner to industrial
40 classification, for purposes of this subsection, shall be in accordance
41 with established classification practices found in the "Standard
42 Industrial Classification Manual" issued by the federal office of

1 management and budget to the third digit provided in the Standard
2 Industrial Classification code.

3 **Sec. 6.** RCW 50.29.062 and 1989 c 380 s 81 are each amended to read
4 as follows:

5 Predecessor and successor employer contribution rates shall be
6 computed in the following manner:

7 (1) If the successor is an employer, as defined in RCW 50.04.080,
8 at the time of the transfer, ~~((his or her))~~ its contribution rate shall
9 remain unchanged for the remainder of the rate year in which the
10 transfer occurs. From and after January 1 following the transfer, the
11 successor's contribution rate for each rate year shall be based on
12 ~~((his or her))~~ its experience with payrolls and benefits including the
13 experience of the acquired business or portion of a business from the
14 date of transfer, as of the regular computation date for that rate
15 year.

16 (2) If the successor is not an employer at the time of the
17 transfer, ~~((he or she))~~ it shall pay contributions at the ~~((rate class~~
18 ~~assigned to the predecessor employer at the time of the transfer for~~
19 ~~the remainder for that rate year and continuing until such time as he~~
20 ~~or she qualifies for a different rate in his or her own right))~~ lowest
21 rate determined under either of the following:

22 (a) The contribution rate of the rate class assigned to the
23 predecessor employer at the time of the transfer for the remainder of
24 that rate year and continuing until the successor qualifies for a
25 different rate in its own right. Any experience relating to the
26 assignment of that rate class attributable to the predecessor is
27 transferred to the successor; or

28 (b) The contribution rate equal to the average industry rate as
29 determined by the commissioner, but not less than one percent, and
30 continuing until the successor qualifies for a different rate in its
31 own right. Assignment of employers by the commissioner to industrial
32 classification, for purposes of this subsection, must be in accordance
33 with established classification practices found in the "Standard
34 Industrial Classification Manual" issued by the federal office of
35 management and budget to the third digit provided in the standard
36 industrial classification code.

37 (3) If the successor is not an employer at the time of the transfer
38 and simultaneously acquires the business or a portion of the business

1 of two or more employers in different rate classes, (~~his or her~~) its
2 rate from the date the transfer occurred until the end of that rate
3 year and until (~~he or she~~) it qualifies in (~~his or her~~) its own
4 right for a new rate, shall be the highest rate class applicable at the
5 time of the acquisition to any predecessor employer who is a party to
6 the acquisition.

7 (4) The contribution rate on any payroll retained by a predecessor
8 employer shall remain unchanged for the remainder of the rate year in
9 which the transfer occurs.

10 (5) In all cases, from and after January 1 following the transfer,
11 the predecessor's contribution rate for each rate year shall be based
12 on (~~his or her~~) its experience with payrolls and benefits as of the
13 regular computation date for that rate year including the experience of
14 the acquired business or portion of business up to the date of
15 transfer: PROVIDED, That if all of the predecessor's business is
16 transferred to a successor or successors, the predecessor shall not be
17 a qualified employer until (~~he or she~~) it satisfies the requirements
18 of a "qualified employer" as set forth in RCW 50.29.010.

19 NEW SECTION. Sec. 7. Sections 1 through 3 of this act apply only
20 to benefit changes attributable to new claims effective after July 1,
21 1995.

22 NEW SECTION. Sec. 8. (1) Sections 1 through 4, 6, and 7 of this
23 act are necessary for the immediate preservation of the public peace,
24 health, or safety, or support of the state government and its existing
25 public institutions, and shall take effect immediately.

26 (2) Section 5 of this act shall take effect January 1, 1998.

27 NEW SECTION. Sec. 9. Section 4 of this act expires January 1,
28 1998.

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