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HOUSE BILL 1605

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State of Washington

57th Legislature

2001 Regular Session

By Representatives Clements, McMorris, Lisk, Schoesler, Boldt, Dunn and Mielke

Read first time 01/30/2001. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to revising unemployment insurance contribution  
2 rates based on system savings; amending RCW 50.20.120 and 50.29.025;  
3 and creating new sections.

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

5 **Sec. 1.** RCW 50.20.120 and 1993 c 483 s 12 are each amended to read  
6 as follows:

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

18 (2) An individual's weekly benefit amount shall be an amount equal  
19 to one (~~twenty-fifth of the average quarterly wages of the~~

1 ~~individual's total wages during the two quarters of~~) percent of the  
2 total wages paid in the individual's base year (~~in which such total~~  
3 ~~wages were highest~~). The maximum and minimum amounts payable weekly  
4 shall be determined as of each June 30th to apply to benefit years  
5 beginning in the twelve-month period immediately following such June  
6 30th. The maximum amount payable weekly shall be seventy percent of  
7 the "average weekly wage" for the calendar year preceding such June  
8 30th. The minimum amount payable weekly shall be fifteen percent of  
9 the "average weekly wage" for the calendar year preceding such June  
10 30th. If any weekly benefit, maximum benefit, or minimum benefit  
11 amount computed herein is not a multiple of one dollar, it shall be  
12 reduced to the next lower multiple of one dollar.

13 **Sec. 2.** RCW 50.29.025 and 2000 c 2 s 4 are each amended to read as  
14 follows:

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

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

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

30	Interval of the	
31	Fund Balance Ratio	Effective
32	Expressed as a Percentage	Tax Schedule
33	2.90 and above	AA
34	2.10 to 2.89	A
35	1.70 to 2.09	B
36	1.40 to 1.69	C

1	1.00 to 1.39	D
2	0.70 to 0.99	E
3	Less than 0.70	F

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

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

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

25 ((Percent of  
26 Cumulative Schedules of Contributions Rates  
27 Taxable Payrolls for Effective Tax Schedule

		Rate									
		From	To	Class	AA	A	B	C	D	E	F
28		0.00	5.00	1	0.47	0.47	0.57	0.97	1.47	1.87	2.47
29		5.01	10.00	2	0.47	0.47	0.77	1.17	1.67	2.07	2.67
30		10.01	15.00	3	0.57	0.57	0.97	1.37	1.77	2.27	2.87
31		15.01	20.00	4	0.57	0.73	1.11	1.51	1.90	2.40	2.98
32		20.01	25.00	5	0.72	0.92	1.30	1.70	2.09	2.59	3.08
33		25.01	30.00	6	0.91	1.11	1.49	1.89	2.29	2.69	3.18
34		30.01	35.00	7	1.00	1.29	1.69	2.08	2.48	2.88	3.27
35		35.01	40.00	8	1.19	1.48	1.88	2.27	2.67	3.07	3.47
36		40.01	45.00	9	1.37	1.67	2.07	2.47	2.87	3.27	3.66
37		45.01	50.00	10	1.56	1.86	2.26	2.66	3.06	3.46	3.86

1	50.01	55.00	11	1.84	2.14	2.45	2.85	3.25	3.66	3.95
2	55.01	60.00	12	2.03	2.33	2.64	3.04	3.44	3.85	4.15
3	60.01	65.00	13	2.22	2.52	2.83	3.23	3.64	4.04	4.34
4	65.01	70.00	14	2.40	2.71	3.02	3.43	3.83	4.24	4.54
5	70.01	75.00	15	2.68	2.90	3.21	3.62	4.02	4.43	4.63
6	75.01	80.00	16	2.87	3.09	3.69	3.81	4.22	4.53	4.73
7	80.01	85.00	17	3.27	3.47	3.77	4.17	4.57	4.87	4.97
8	85.01	90.00	18	3.67	3.87	4.17	4.57	4.87	4.97	5.17
9	90.01	95.00	19	4.07	4.27	4.57	4.97	5.07	5.17	5.37
10	95.01	100.00	20	5.40	5.40	5.40	5.40	5.40	5.40	5.40))

11                                    Percent of  
12                                    Cumulative                    Schedules of Contributions Rates  
13                                    Taxable Payrolls                    for Effective Tax Schedule

14			<u>Rate</u>							
15	<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>
16	0.00	5.00	1	0.47	0.47	0.57	0.97	1.47	1.87	2.47
17	5.01	10.00	2	0.47	0.47	0.77	1.17	1.67	2.07	2.67
18	10.01	15.00	3	0.57	0.57	0.97	1.37	1.77	2.27	2.87
19	15.01	20.00	4	0.57	0.73	1.11	1.51	1.90	2.40	2.98
20	20.01	25.00	5	0.72	0.92	1.30	1.70	2.09	2.59	3.08
21	25.01	30.00	6	0.79	1.00	1.40	1.80	2.22	2.68	3.17
22	30.01	35.00	7	0.86	1.09	1.50	1.91	2.35	2.81	3.26
23	35.01	40.00	8	0.95	1.19	1.61	2.02	2.49	2.95	3.39
24	40.01	45.00	9	1.04	1.30	1.74	2.15	2.64	3.10	3.53
25	45.01	50.00	10	1.13	1.42	1.87	2.27	2.80	3.26	3.67
26	50.01	55.00	11	1.24	1.54	2.01	2.41	2.96	3.42	3.81
27	55.01	60.00	12	1.36	1.68	2.16	2.56	3.14	3.59	3.97
28	60.01	65.00	13	1.49	1.83	2.32	2.71	3.33	3.77	4.12
29	65.01	70.00	14	1.63	2.00	2.49	2.87	3.53	3.96	4.29
30	70.01	75.00	15	1.78	2.18	2.68	3.04	3.74	4.16	4.46
31	75.01	80.00	16	1.95	2.37	2.88	3.23	3.97	4.37	4.64
32	80.01	85.00	17	2.14	2.59	3.10	3.42	4.21	4.58	4.83
33	85.01	90.00	18	2.34	2.82	3.33	3.63	4.46	4.81	5.02
34	90.01	95.00	19	4.48	4.70	5.03	5.47	5.58	5.69	5.91
35	95.01	100.00	20	6.57	6.57	6.57	6.57	6.57	6.57	6.57

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

38            (a) Employers who do not meet the definition of "qualified  
39 employer" by reason of failure to pay contributions when due shall be  
40 assigned a contribution rate two-tenths higher than that in rate class  
41 20 for the applicable rate year, except employers who have an approved  
42 agency-deferred payment contract by September 30 of the previous rate  
43 year. If any employer with an approved agency-deferred payment

1 contract fails to make any one of the succeeding deferred payments or  
2 fails to submit any succeeding tax report and payment in a timely  
3 manner, the employer's tax rate shall immediately revert to a  
4 contribution rate two-tenths higher than that in rate class 20 for the  
5 applicable rate year; and

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

16 NEW SECTION. **Sec. 3.** If any part of this act is found to be in  
17 conflict with federal requirements that are a prescribed condition to  
18 the allocation of federal funds to the state or the eligibility of  
19 employers in this state for federal unemployment tax credits, the  
20 conflicting part of this act is inoperative solely to the extent of the  
21 conflict, and the finding or determination does not affect the  
22 operation of the remainder of this act. Rules adopted under this act  
23 must meet federal requirements that are a necessary condition to the  
24 receipt of federal funds by the state or the granting of federal  
25 unemployment tax credits to employers in this state.

26 NEW SECTION. **Sec. 4.** (1) Section 1 of this act applies beginning  
27 with weeks of unemployment that begin on or after January 6, 2002.

28 (2) Section 2 of this act applies beginning with rate years that  
29 begin on or after January 1, 2002.

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