HOUSE BILL 2702

State of Washington 65th Legislature 2018 Regular Session

By Representatives Robinson, McCabe, and Springer; by request of Employment Security Department

Read first time 01/12/18. Referred to Committee on Labor & Workplace Standards.

- 1 AN ACT Relating to making technical corrections to the family and
- 2 medical leave program and making no substantive changes; and amending
- 3 RCW 50A.04.010, 50A.04.110, 50A.04.500, 50A.04.525, 50A.04.540,
- 4 50A.04.565, and 50A.04.600.
- 5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 6 **Sec. 1.** RCW 50A.04.010 and 2017 3rd sp.s. c 5 s 2 are each 7 amended to read as follows:
- 8 Unless the context clearly requires otherwise, the definitions in 9 this section apply throughout this chapter.
- 10 (1) "Child" includes a biological, adopted, or foster child, a 11 stepchild, or a child to whom the employee stands in loco parentis,
- 12 is a legal guardian, or is a de facto parent, regardless of age or
- 13 dependency status.
- 14 (2) "Commissioner" means the commissioner of the department or 15 the commissioner's designee.
- 16 (3) "Department" means the employment security department.
- 17 (4)(a) "Employee" means an individual who is in the employment of 18 an employer.
- 19 (b) "Employee" does not include employees of the United States of 20 America.

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- (5) "Employee's average weekly wage" means the quotient derived by dividing the employee's total wages during the two quarters of the employee's qualifying period in which total wages were highest by twenty-six. If the result is not a multiple of one dollar, the department must round the result to the next lower multiple of one dollar.
- (6)(a) "Employer" means: (i) Any individual or type of organization, including any partnership, association, trust, estate, joint stock company, insurance company, limited liability company, or corporation, whether domestic or foreign, or the receiver, trustee in bankruptcy, trustee, or the legal representative of a deceased person, having any person in employment or, having become an employer, has not ceased to be an employer as provided in this chapter; (ii) the state, state institutions, and state agencies; and (iii) any unit of local government including, but not limited to, a county, city, town, municipal corporation, quasi-municipal corporation, or political subdivision.
 - (b) "Employer" does not include the United States of America.
 - (7)(a) "Employment" means personal service, of whatever nature, unlimited by the relationship of master and servant as known to the common law or any other legal relationship performed for wages or under any contract calling for the performance of personal services, written or oral, express or implied. The term "employment" includes an individual's entire service performed within or without or both within and without this state, if:
 - (i) The service is localized in this state; or
- (ii) The service is not localized in any state, but some of the service is performed in this state; and
 - (A) The base of operations of the employee is in the state, or if there is no base of operations, then the place from which such service is directed or controlled is in this state; or
- (B) The base of operations or place from which such service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this state.
 - (b) "Employment" does not include:
- 37 (i) Self-employed individuals;

38 (ii) Services for remuneration when it is shown to the 39 satisfaction of the commissioner that:

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- (A)(I) Such individual has been and will continue to be free from control or direction over the performance of such service, both under his or her contract of service and in fact; and
 - (II) Such service is either outside the usual course of business for which such service is performed, or that such service is performed outside of all the places of business of the enterprises for which such service is performed; and
- (III) Such individual is customarily engaged in an independently established trade, occupation, profession, or business, of the same nature as that involved in the contract of service; or
 - (B) As a separate alternative:

- (I) Such individual has been and will continue to be free from control or direction over the performance of such service, both under his or her contract of service and in fact; and
- (II) Such service is either outside the usual course of business for which such service is performed, or that such service is performed outside of all the places of business of the enterprises for which such service is performed, or the individual is responsible, both under the contract and in fact, for the costs of the principal place of business from which the service is performed; and
- (III) Such individual is customarily engaged in an independently established trade, occupation, profession, or business, of the same nature as that involved in the contract of service, or such individual has a principal place of business for the work the individual is conducting that is eligible for a business deduction for federal income tax purposes; and
- (IV) On the effective date of the contract of service, such individual is responsible for filing at the next applicable filing period, both under the contract of service and in fact, a schedule of expenses with the internal revenue service for the type of business the individual is conducting; and
- (V) On the effective date of the contract of service, or within a reasonable period after the effective date of the contract, such individual has established an account with the department of revenue, and other state agencies as required by the particular case, for the business the individual is conducting for the payment of all state taxes normally paid by employers and businesses and has registered for and received a unified business identifier number from the state of Washington; and

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(VI) On the effective date of the contract of service, such individual is maintaining a separate set of books or records that reflect all items of income and expenses of the business which the individual is conducting; or

- (iii) Services that require registration under chapter 18.27 RCW or licensing under chapter 19.28 RCW rendered by an individual when:
- (A) The individual has been and will continue to be free from control or direction over the performance of the service, both under the contract of service and in fact;
- (B) The service is either outside the usual course of business for which the service is performed, or the service is performed outside of all the places of business of the enterprise for which the service is performed, or the individual is responsible, both under the contract and in fact, for the costs of the principal place of business from which the service is performed;
- (C) The individual is customarily engaged in an independently established trade, occupation, profession, or business, of the same nature as that involved in the contract of service, or the individual has a principal place of business for the business the individual is conducting that is eligible for a business deduction for federal income tax purposes, other than that furnished by the employer for which the business has contracted to furnish services;
- (D) On the effective date of the contract of service, the individual is responsible for filing at the next applicable filing period, both under the contract of service and in fact, a schedule of expenses with the internal revenue service for the type of business the individual is conducting;
- (E) On the effective date of the contract of service, or within a reasonable period after the effective date of the contract, the individual has an active and valid certificate of registration with the department of revenue, and an active and valid account with any other state agencies as required by the particular case, for the business the individual is conducting for the payment of all state taxes normally paid by employers and businesses and has registered for and received a unified business identifier number from the state of Washington;
- (F) On the effective date of the contract of service, the individual is maintaining a separate set of books or records that reflect all items of income and expenses of the business that the individual is conducting; and

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- 1 (G) On the effective date of the contract of service, the 2 individual has a valid contractor registration pursuant to chapter 3 18.27 RCW or an electrical contractor license pursuant to chapter 4 19.28 RCW.
- 5 (8) "Employment benefits" means all benefits provided or made 6 available to employees by an employer, including group life 7 insurance, health insurance, disability insurance, sick leave, annual 8 leave, educational benefits, and pensions except benefits that are 9 provided by a practice or written policy of an employer or through an 10 employee benefit plan as defined in 29 U.S.C. Sec. 1002(3).
- 11 (9) "Family leave" means any leave taken by an employee from 12 work:

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- (a) To participate in providing care, including physical or psychological care, for a family member of the employee made necessary by a serious health condition of the family member;
- (b) To bond with the employee's child during the first twelve months after the child's birth, or the first twelve months after the placement of a child under the age of eighteen with the employee; or
- (c) Because of any qualifying exigency as permitted under the federal family and medical leave act, 29 U.S.C. Sec. 2612(a)(1)((e))) (E) and 29 C.F.R. Sec. 825.126(a)(1) through (8), as they existed on October 19, 2017, for family members as defined in subsection (10) of this section.
- 24 (10) "Family member" means a child, grandchild, grandparent, 25 parent, sibling, or spouse of an employee.
 - (11) "Grandchild" means a child of the employee's child.
 - (12) "Grandparent" means a parent of the employee's parent.
 - (13) "Health care provider" means: (a) A person licensed as a physician under chapter 18.71 RCW or an osteopathic physician and surgeon under chapter 18.57 RCW; (b) a person licensed as an advanced registered nurse practitioner under chapter 18.79 RCW; or (c) any other person determined by the commissioner to be capable of providing health care services.
 - (14) "Medical leave" means any leave taken by an employee from work made necessary by the employee's own serious health condition.
 - (15) "Parent" means the biological, adoptive, de facto, or foster parent, stepparent, or legal guardian of an employee or the employee's spouse, or an individual who stood in loco parentis to an employee when the employee was a child.

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- 1 (16) "Period of incapacity" means an inability to work, attend 2 school, or perform other regular daily activities because of a 3 serious health condition, treatment of that condition or recovery 4 from it, or subsequent treatment in connection with such inpatient 5 care.
- 6 (17) "Premium" or "premiums" means the payments required by RCW 50A.04.115 and paid to the department for deposit in the family and medical leave insurance account under RCW 50A.04.220.
- 9 (18) "Qualifying period" means the first four of the last five 10 completed calendar quarters or, if eligibility is not established, 11 the last four completed calendar quarters immediately preceding the 12 application for leave.
- 13 (19)(a) "Serious health condition" means an illness, injury, 14 impairment, or physical or mental condition that involves:
- 15 (i) Inpatient care in a hospital, hospice, or residential medical 16 care facility, including any period of incapacity; or

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- (ii) Continuing treatment by a health care provider. A serious health condition involving continuing treatment by a health care provider includes any one or more of the following:
- (A) A period of incapacity of more than three consecutive, full calendar days, and any subsequent treatment or period of incapacity relating to the same condition, that also involves:
 - (I) Treatment two or more times, within thirty days of the first day of incapacity, unless extenuating circumstances exist, by a health care provider, by a nurse or physician's assistant under direct supervision of a health care provider, or by a provider of health care services, such as a physical therapist, under orders of, or on referral by, a health care provider; or
- 29 (II) Treatment by a health care provider on at least one occasion 30 which results in a regimen of continuing treatment under the 31 supervision of the health care provider;
- 32 (B) Any period of incapacity due to pregnancy, or for prenatal 33 care;
- 34 (C) Any period of incapacity or treatment for such incapacity due 35 to a chronic serious health condition. A chronic serious health 36 condition is one which:
- 37 (I) Requires periodic visits, defined as at least twice a year, 38 for treatment by a health care provider, or by a nurse under direct 39 supervision of a health care provider;

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1 (II) Continues over an extended period of time, including 2 recurring episodes of a single underlying condition; and

- (III) May cause episodic rather than a continuing period of incapacity, including asthma, diabetes, and epilepsy;
- (D) A period of incapacity which is permanent or long term due to a condition for which treatment may not be effective. The employee or family member must be under the continuing supervision of, but need not be receiving active treatment by, a health care provider, including Alzheimer's, a severe stroke, or the terminal stages of a disease; or
- (E) Any period of absence to receive multiple treatments, including any period of recovery from the treatments, by a health care provider or by a provider of health care services under orders of, or on referral by, a health care provider, either for: (I) Restorative surgery after an accident or other injury; or (II) a condition that would likely result in a period of incapacity of more than three consecutive, full calendar days in the absence of medical intervention or treatment, such as cancer, severe arthritis, or kidney disease.
- (b) The requirement in (a)(i) and (ii) of this subsection for treatment by a health care provider means an in-person visit to a health care provider. The first, or only, in-person treatment visit must take place within seven days of the first day of incapacity.
- (c) Whether additional treatment visits or a regimen of continuing treatment is necessary within the thirty-day period shall be determined by the health care provider.
- (d) The term extenuating circumstances in (a)(ii)(A)(I) of this subsection means circumstances beyond the employee's control that prevent the follow-up visit from occurring as planned by the health care provider. Whether a given set of circumstances are extenuating depends on the facts. For example, extenuating circumstances exist if a health care provider determines that a second in-person visit is needed within the thirty-day period, but the health care provider does not have any available appointments during that time period.
- (e) Treatment for purposes of (a) of this subsection includes, but is not limited to, examinations to determine if a serious health condition exists and evaluations of the condition. Treatment does not include routine physical examinations, eye examinations, or dental examinations. Under (a)(ii)(A)(II) of this subsection, a regimen of continuing treatment includes, but is not limited to, a course of

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prescription medication, such as an antibiotic, or therapy requiring special equipment to resolve or alleviate the health condition, such as oxygen. A regimen of continuing treatment that includes taking over-the-counter medications, such as aspirin, antihistamines, or salves, or bed rest, drinking fluids, exercise, and other similar activities that can be initiated without a visit to a health care provider, is not, by itself, sufficient to constitute a regimen of continuing treatment for purposes of this chapter.

- (f) Conditions for which cosmetic treatments are administered, such as most treatments for acne or plastic surgery, are not serious health conditions unless inpatient hospital care is required or unless complications develop. Ordinarily, unless complications arise, the common cold, the flu, ear aches, upset stomach, minor ulcers, headaches other than migraines, routine dental or orthodontia problems, and periodontal disease are examples of conditions that are not serious health conditions and do not qualify for leave under this chapter. Restorative dental or plastic surgery after an injury or removal of cancerous growths are serious health conditions provided all the other conditions of this section are met. Mental illness resulting from stress or allergies may be serious health conditions, but only if all the conditions of this section are met.
- (g)(i) Substance abuse may be a serious health condition if the conditions of this section are met. However, leave may only be taken for treatment for substance abuse by a health care provider or by a licensed substance abuse treatment provider. Absence because of the employee's use of the substance, rather than for treatment, does not qualify for leave under this chapter.
- (ii) Treatment for substance abuse does not prevent an employer from taking employment action against an employee. The employer may not take action against the employee because the employee has exercised his or her right to take medical leave for treatment. However, if the employer has an established policy, applied in a nondiscriminatory manner that has been communicated to all employees, that provides under certain circumstances an employee may be terminated for substance abuse, pursuant to that policy the employee may be terminated whether or not the employee is presently taking medical leave. An employee may also take family leave to care for a covered family member who is receiving treatment for substance abuse. The employer may not take action against an employee who is providing

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- care for a covered family member receiving treatment for substance abuse.
- (h) Absences attributable to incapacity under (a)(ii)(B) or (C) 3 of this subsection qualify for leave under this chapter even though 4 the employee or the family member does not receive treatment from a 5 б health care provider during the absence, and even if the absence does last more than three consecutive, full calendar days. For 7 example, an employee with asthma may be unable to report for work due 8 to the onset of an asthma attack or because the employee's health 9 care provider has advised the employee to stay home when the pollen 10 11 count exceeds a certain level. An employee who is pregnant may be 12 unable to report to work because of severe morning sickness.
- 13 (20) "Service is localized in this state" has the same meaning as 14 described in RCW 50.04.120.
- 15 (21) "Spouse" means a husband or wife, as the case may be, or 16 state registered domestic partner.
- 17 (22) "State average weekly wage" means the most recent average 18 weekly wage calculated under RCW 50.04.355 and available on January 19 1st of each year.
- 20 (23) "Typical workweek hours" means:
- 21 (a) For an hourly employee, the average number of hours worked 22 per week by an employee since the beginning of the qualifying period; 23 and
- 24 (b) Forty hours for a salaried employee, regardless of the number 25 of hours the salaried employee typically works.
- 26 (24) "Wage" means the same as "wages" under RCW 50.04.320(2),
 27 except that: (a) The term employment as used in RCW 50.04.320(2) is
 28 defined in this chapter; and (b) the maximum wages subject to a
 29 premium assessment are those wages as set by the commissioner under
 30 RCW 50A.04.115(4). "Wages" for purposes of elective coverage under
 31 RCW ((50A.04.120)) 50A.04.105 has the meaning as defined by rule.
- 32 **Sec. 2.** RCW 50A.04.110 and 2017 3rd sp.s. c 5 s 11 are each 33 amended to read as follows:
- A federally recognized tribe may elect coverage under RCW ((50A.04.120)) 50A.04.105. The department shall adopt rules to implement this section.
- 37 **Sec. 3.** RCW 50A.04.500 and 2017 3rd sp.s. c 5 s 34 are each 38 amended to read as follows:

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(1) Any aggrieved person may file an appeal from any determination or redetermination with the commissioner within thirty days after the date of notification or mailing, whichever is earlier, of such determination or redetermination to the person's last known address. If an appeal with respect to any determination is pending as of the date when a redetermination is issued, such appeal, unless withdrawn, shall be treated as an appeal from such redetermination.

- (2) Any appeal from a determination of denial of benefits shall be deemed to be an appeal as to all weeks subsequent to the effective date of the denial for which benefits have already been denied. If no appeal is taken from any determination, or redetermination, within the time allowed by the provisions of this section for appeal, the determination or redetermination, as the case may be, shall be conclusively deemed to be correct except as provided in respect to reconsideration by the commissioner of any determination.
- 16 (3) Upon receipt of a notice of appeal, the commissioner shall 17 request the assignment of an administrative law judge ((in accordance 18 with)) under chapter 34.12 RCW to conduct a hearing in accordance 19 with chapter 34.05 RCW and issue a proposed order.
- **Sec. 4.** RCW 50A.04.525 and 2017 3rd sp.s. c 5 s 37 are each 21 amended to read as follows:
 - (1) In any proceeding before an administrative law judge involving a dispute of an employee's initial determination, claim for waiting period credit or claim for benefits, all matters and provisions of this chapter relating to the employee's initial determination, or right to receive such credit or benefits for the period in question, shall be deemed to be in issue irrespective of the particular ground or grounds set forth in the notice of appeal in single employee cases.
 - (2) In any proceeding before an administrative law judge involving an employee's right to benefits, all parties shall be afforded an opportunity for hearing after not less than seven days' notice in accordance with RCW 34.05.434.
 - (3) In any proceeding involving an appeal relating to benefit determinations or benefit claims, the administrative law judge, after affording the parties reasonable opportunity for fair hearing, shall render its decision affirming, modifying, or setting aside the determination or decisions of the department. The parties shall be duly notified of such decision together with the reasons, which shall

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- 1 be deemed to be the final decision unless, within thirty days after
- 2 the date of notification or mailing, whichever is the earlier, of
- 3 such decision, further appeal is perfected pursuant to RCW
- 4 ((50A.04.530)) 50A.04.535.
- 5 **Sec. 5.** RCW 50A.04.540 and 2017 3rd sp.s. c 5 s 42 are each 6 amended to read as follows:
- 7 After having acquired jurisdiction for review, the commissioner shall review the proceedings in question. Prior to rendering a 8 decision, the commissioner may order the taking of additional 9 10 evidence by an administrative law judge to be made a part of the 11 record in the case. Upon the basis of evidence submitted to the administrative law judge and such additional evidence as 12 commissioner may order to be taken, the commissioner shall render a 13 decision in writing affirming, modifying, or setting aside the 14 15 decision of the administrative law judge. Alternatively, 16 commissioner may order further proceedings to be held before the 17 administrative law judge, upon completion of which the administrative law judge shall issue a new decision in writing affirming, modifying, 18 or setting aside ((its)) the previous decision of the administrative 19 law judge. The new decision of the administrative law judge may be 20 appealed as provided under RCW ((50A.04.530)) 21 50A.04.535. commissioner shall mail the decision of the commissioner to the 22 interested parties at their last known addresses. 23
- 24 **Sec. 6.** RCW 50A.04.565 and 2017 3rd sp.s. c 5 s 44 are each 25 amended to read as follows:
- Judicial review of a decision of the commissioner involving the review of a decision of an administrative law judge under this chapter may be had only in accordance with the procedural requirements of RCW ((34.05.570)) 34.05.452.
- 30 **Sec. 7.** RCW 50A.04.600 and 2017 3rd sp.s. c 5 s 14 are each 31 amended to read as follows:
- 32 (1) An employer may apply to the commissioner for approval of a 33 voluntary plan for the payment of either family leave benefits or 34 medical leave benefits, or both. The application must be submitted on 35 a form and in the manner as prescribed by the commissioner in rule. 36 The fee for the department's review of each application for approval 37 of a voluntary plan is two hundred fifty dollars.

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(2) The benefits payable as indemnification for loss of wages under any voluntary plan must be separately stated and designated separately and distinctly in the plan from other benefits, if any.

- (3) Neither an employee nor his or her employer are liable for any premiums for benefits covered by an approved voluntary plan.
- (4) Except as provided in this section, an employee covered by an approved voluntary plan at the commencement of a period of family leave or a medical leave benefit period is not entitled to benefits from the state program. Benefits payable to that employee is the liability of the approved voluntary plan under which the employee was covered at the commencement of the family leave or medical leave benefit period, regardless of any subsequent serious health condition or family leave which may occur during the benefit period. The commissioner must adopt rules to allow benefits or prevent duplication of benefits to employees simultaneously covered by one or more approved voluntary plans and the state program.
- (5) The commissioner must approve any voluntary plan as to which the commissioner finds that there is at least one employee in employment and all of the following exist:
- (a) The benefits afforded to the employees must be at least equivalent to the benefits the employees are entitled to as part of the state's family and medical leave program, including but not limited to the duration of leave. The employer must offer at least one-half of the length of leave as provided in RCW $50A.04.020((\frac{(2)}{2}))$ (3) with pay and provide a monetary payment in an amount equal to or higher than the total amount of monetary benefits the employee would be entitled to receive as part of the state-run program. The employer may offer the same duration of leave and monetary benefits as offered under the state program.
- (b) The sick leave an employee is entitled to under RCW 49.46.210 is in addition to the employer's provided benefits and is in addition to any family and medical leave benefits.
- (c) The plan is available to all of the eligible employees of the employer employed in this state, including future employees.
- (d) The employer has agreed to make the payroll deductions required, if any, and transmit the proceeds to the department for any portions not collected for the voluntary plan.
- (e) The plan will be in effect for a period of not less than one year and, thereafter, continuously unless the commissioner finds that the employer has given notice of withdrawal from the plan in a manner

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specified by the commissioner in rule. The plan may be withdrawn by the employer on the date of any law increasing the benefit amounts or the date of any change in the rate of employee premiums, if notice of the withdrawal from the plan is transmitted to the commissioner not less than thirty days prior to the date of that law or change. If the plan is not withdrawn, it must be amended to conform to provide the increased benefit amount or change in the rate of the employee's premium on the date of the increase or change.

- (f) The amount of payroll deductions from the wages of an employee in effect for any voluntary plan may not exceed the maximum payroll deduction for that employee as authorized under RCW 50A.04.115. The deductions may not be increased on other than an anniversary of the effective date of the plan, except to the extent that any increase in the deductions from the wages of an employee do not exceed the maximum rate authorized under the state program.
- (g) The voluntary plan provides that an employee of an employer with a voluntary plan for either family leave or medical leave, or both, is eligible for the plan benefits if the employee meets the requirements of RCW 50A.04.015 and has worked at least three hundred forty hours for the employer during the twelve months immediately preceding the date leave will commence.
- (h) The voluntary plan provides that an employee of an employer with a voluntary plan for either family leave or medical leave, or both, who takes leave under the voluntary plan is entitled to the employment protection provisions contained in RCW 50A.04.025 if the employee has worked for the employer for at least nine months and nine hundred sixty-five hours during the twelve months immediately preceding the date leave will commence.
- (i) The voluntary plan provides that the employer maintains the employee's existing health benefits as provided under RCW 50A.04.245.
- (6)(a) The department must conduct a review of the expenses incurred in association with the administration of the voluntary plans during the first three years after implementation and report its findings to the legislature.
- (b) The review must include an analysis of the adequacy of the fee in subsection (1) of this section to cover the department's administrative expenses related to reviewing and approving or denying the applications and administering appeals related to voluntary plans. The review must include an estimate of the next year's projected administrative costs related to the voluntary plans. The

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legislature shall adjust the fee in subsection (1) of this section as needed to ensure the department's administrative expenses related to the voluntary plans are covered by the fee.

(c) If the current receipts from the fee in subsection (1) of this section are inadequate to cover the department's administrative expenses related to the voluntary plans, the department may use funds from the family and medical leave insurance account under RCW 50A.04.220 to pay for these expenses.

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