

2 SB 5925 - S AMD 030

3 By Senators Newhouse, Hale, Deccio, Snyder, Rasmussen, Hargrove,  
4 Owen, Sutherland, Prentice and Sellar

5 ADOPTED 3/2/95

6 Strike everything after the enacting clause and insert the  
7 following:

8 "Sec. 1. RCW 50.29.025 and 1993 c 483 s 21 and 1993 c 226 s 13 are  
9 each reenacted and amended to read as follows:

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

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

20 (2) The interval of the fund balance ratio, expressed as a  
21 percentage, shall determine which tax schedule in subsection (5) of  
22 this section shall be in effect for assigning tax rates for the rate  
23 year except that during rate year 1995 tax schedule AA shall be in  
24 effect. The intervals for determining the effective tax schedule shall  
25 be:

	Interval of the Fund Balance Ratio Expressed as a Percentage	Effective Tax Schedule
29	<del>((3.90))</del> <u>2.90</u> and above	AA
30	<del>((3.40 to 3.89))</del> <u>2.50 to 2.89</u>	A
31	<del>((2.90 to 3.39))</del> <u>2.10 to 2.49</u>	B
32	<del>((2.40 to 2.89))</del> <u>1.70 to 2.09</u>	C
33	<del>((1.90 to 2.39))</del> <u>1.30 to 1.69</u>	D
34	<del>((1.40 to 1.89))</del> <u>1.00 to 1.29</u>	E
35	Less than <del>((1.40))</del> <u>1.00</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 table 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		Schedule of Contribution Rates								
Cumulative		for Effective Tax Schedule								
Taxable Payrolls										
((Rate										
From	To	Class	AA	A	B	C	D	E	F	
0.00	5.00	1	0.48	0.36	0.46	0.86	1.36	1.76	2.36	
5.01	10.00	2	0.48	0.36	0.66	1.06	1.56	1.96	2.56	
10.01	15.00	3	0.58	0.46	0.86	1.26	1.66	2.16	2.76	
15.01	20.00	4	0.58	0.66	1.06	1.46	1.86	2.36	2.96	
20.01	25.00	5	0.78	0.86	1.26	1.66	2.06	2.56	3.06	
25.01	30.00	6	0.98	1.06	1.46	1.86	2.26	2.66	3.16	
30.01	35.00	7	1.08	1.26	1.66	2.06	2.46	2.86	3.26	
35.01	40.00	8	1.28	1.46	1.86	2.26	2.66	3.06	3.46	
40.01	45.00	9	1.48	1.66	2.06	2.46	2.86	3.26	3.66	
45.01	50.00	10	1.68	1.86	2.26	2.66	3.06	3.46	3.86	
50.01	55.00	11	1.98	2.16	2.46	2.86	3.26	3.66	3.96	
55.01	60.00	12	2.18	2.36	2.66	3.06	3.46	3.86	4.16	
60.01	65.00	13	2.38	2.56	2.86	3.26	3.66	4.06	4.36	
65.01	70.00	14	2.58	2.76	3.06	3.46	3.86	4.26	4.56	
70.01	75.00	15	2.88	2.96	3.26	3.66	4.06	4.46	4.66	
75.01	80.00	16	3.08	3.16	3.46	3.86	4.26	4.56	4.76	

1	<del>80.01</del>	<del>85.00</del>	<del>17</del>	<del>3.28</del>	<del>3.36</del>	<del>3.66</del>	<del>4.06</del>	<del>4.46</del>	<del>4.76</del>	<del>4.86</del>
2	<del>85.01</del>	<del>90.00</del>	<del>18</del>	<del>3.68</del>	<del>3.76</del>	<del>4.06</del>	<del>4.46</del>	<del>4.76</del>	<del>4.86</del>	<del>5.06</del>
3	<del>90.01</del>	<del>95.00</del>	<del>19</del>	<del>4.08</del>	<del>4.16</del>	<del>4.46</del>	<del>4.86</del>	<del>4.96</del>	<del>5.06</del>	<del>5.26</del>
4	<del>95.01</del>	<del>100.00</del>	<del>20</del>	<del>5.40</del>	<del>5.40</del>	<del>5.40</del>	<del>5.40</del>	<del>5.40</del>	<del>5.40</del>	<del>5.40</del>

	Rate									
	From	To	Class	AA	A	B	C	D	E	F
7	<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>
8	<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>
9	<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>
10	<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>
11	<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>
12	<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>
13	<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>
14	<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>
15	<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>
16	<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>
17	<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>
18	<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>
19	<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>
20	<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>
21	<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>
22	<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>
23	<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>
24	<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>
25	<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>
26	<u>95.01</u>	<u>100.00</u>	<u>20</u>	<u>5.40</u>	<u>5.40</u>	<u>5.40</u>	<u>5.40</u>	<u>5.40</u>	<u>5.40</u>	<u>5.40</u>

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

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

39 (b) The contribution rate for employers exempt as of December 31,  
 40 1989, who are newly covered under the section 78, chapter 380, Laws of  
 41 1989 amendment to RCW 50.04.150 and not yet qualified to be in the  
 42 array shall be 2.5 percent for employers whose standard industrial code

1 is "013", "016", "017", "018", "019", "021", or "081"; and

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

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

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

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

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

28	Interval of the	
29	Fund Balance Ratio	Effective
30	Expressed as a Percentage	Tax Schedule
31	<del>((3.90))</del> <u>2.90</u> and above	AA
32	<del>((3.40 to 3.89))</del> <u>2.50 to 2.89</u>	A
33	<del>((2.90 to 3.39))</del> <u>2.10 to 2.49</u>	B
34	<del>((2.40 to 2.89))</del> <u>1.70 to 2.09</u>	C
35	<del>((1.90 to 2.39))</del> <u>1.30 to 1.69</u>	D
36	<del>((1.40 to 1.89))</del> <u>1.00 to 1.29</u>	E
37	Less than <del>((1.40))</del> <u>1.00</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		
10.01	15.00	3	0.58	0.58	0.98	1.38	1.78	2.28	2.88		
15.01	20.00	4	0.58	0.78	1.18	1.58	1.98	2.48	3.08		
20.01	25.00	5	0.78	0.98	1.38	1.78	2.18	2.68	3.18		
25.01	30.00	6	0.98	1.18	1.58	1.98	2.38	2.78	3.28		
30.01	35.00	7	1.08	1.38	1.78	2.18	2.58	2.98	3.38		
35.01	40.00	8	1.28	1.58	1.98	2.38	2.78	3.18	3.58		
40.01	45.00	9	1.48	1.78	2.18	2.58	2.98	3.38	3.78		
45.01	50.00	10	1.68	1.98	2.38	2.78	3.18	3.58	3.98		
50.01	55.00	11	1.98	2.28	2.58	2.98	3.38	3.78	4.08		
55.01	60.00	12	2.18	2.48	2.78	3.18	3.58	3.98	4.28		
60.01	65.00	13	2.38	2.68	2.98	3.38	3.78	4.18	4.48		
65.01	70.00	14	2.58	2.88	3.18	3.58	3.98	4.38	4.68		
70.01	75.00	15	2.88	3.08	3.38	3.78	4.18	4.58	4.78		
75.01	80.00	16	3.08	3.28	3.58	3.98	4.38	4.68	4.88		

1	80.01	85.00	17	3.28	3.48	3.78	4.18	4.58	4.88	4.98
2	85.01	90.00	18	3.68	3.88	4.18	4.58	4.88	4.98	5.18
3	90.01	95.00	19	4.08	4.28	4.58	4.98	5.08	5.18	5.38
4	95.01	100.00	20	5.40	5.40	5.40	5.40	5.40	5.40	5.40

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

7 (a) Employers who do not meet the definition of "qualified  
8 employer" by reason of failure to pay contributions when due shall be  
9 assigned the contribution rate of five and six-tenths percent, except  
10 employers who have an approved agency-deferred payment contract by  
11 September 30 of the previous rate year. If any employer with an  
12 approved agency-deferred payment contract fails to make any one of the  
13 succeeding deferred payments or fails to submit any succeeding tax  
14 report and payment in a timely manner, the employer's tax rate shall  
15 immediately revert to five and six-tenths percent for the current rate  
16 year;

17 (b) The contribution rate for employers exempt as of December 31,  
18 1989, who are newly covered under the section 78, chapter 380, Laws of  
19 1989 amendment to RCW 50.04.150 and not yet qualified to be in the  
20 array shall be 2.5 percent for employers whose standard industrial code  
21 is "013", "016", "017", "018", "019", "021", or "081"; and

22 (c) For all other employers not qualified to be in the array, the  
23 contribution rate shall be a rate equal to the average industry rate as  
24 determined by the commissioner; however, the rate may not be less than  
25 one percent. Assignment of employers by the commissioner to industrial  
26 classification, for purposes of this subsection, shall be in accordance  
27 with established classification practices found in the "Standard  
28 Industrial Classification Manual" issued by the federal office of  
29 management and budget to the third digit provided in the Standard  
30 Industrial Classification code.

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

36 (a) The historical costs of the state's unemployment program and  
37 provide estimates of the expected future costs of the program at  
38 average and recession levels;

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

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

6 (d) The advantages and disadvantages of modifying the existing  
7 funding mechanism; and

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

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

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

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

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

22 NEW SECTION. **Sec. 5.** Section 1 of this act shall expire January  
23 1, 1998."

24 **SB 5925** - S AMD

25 By Senators Newhouse, Hale, Deccio, Snyder, Rasmussen, Hargrove,  
26 Owen, Sutherland, Prentice and Sellar

27 ADOPTED 3/2/95

28 On page 1, line 2 of the title, after "rates;" strike the remainder  
29 of the title and insert "reenacting and amending RCW 50.29.025 and  
30 50.29.025; creating a new section; providing an effective date;  
31 providing an expiration date; and declaring an emergency."

--- END ---