

CERTIFICATION OF ENROLLMENT

ENGROSSED SENATE BILL 6413

Chapter 238, Laws of 1996

54th Legislature
1996 Regular Session

SUCCESSOR EMPLOYER CONTRIBUTION RATES--REVISIONS

EFFECTIVE DATE: 6/6/96

Passed by the Senate March 4, 1996
YEAS 43 NAYS 0

JOEL PRITCHARD

President of the Senate

Passed by the House February 28, 1996
YEAS 94 NAYS 0

CLYDE BALLARD

**Speaker of the
House of Representatives**

Approved March 28, 1996

CERTIFICATE

I, Marty Brown, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SENATE BILL 6413** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MARTY BROWN

Secretary

FILED

March 28, 1996 - 5:13 p.m.

MIKE LOWRY

Governor of the State of Washington

**Secretary of State
State of Washington**

ENGROSSED SENATE BILL 6413

AS AMENDED BY THE HOUSE

Passed Legislature - 1996 Regular Session

State of Washington 54th Legislature 1996 Regular Session

By Senators Pelz, Newhouse and Winsley; by request of Employment Security Department

Read first time 01/15/96. Referred to Committee on Labor, Commerce & Trade.

1 AN ACT Relating to the selection of successor employer contribution
2 rates; amending RCW 50.29.062; and creating new sections.

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

4 **Sec. 1.** RCW 50.29.062 and 1995 c 56 s 1 are each amended to read
5 as follows:

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

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

16 (2) If the successor is not an employer at the time of the
17 transfer, it shall pay contributions at the lowest rate determined
18 under either of the following:

1 (a) (i) For transfers before January 1, 1997, the contribution rate
2 of the rate class assigned to the predecessor employer at the time of
3 the transfer for the remainder of that rate year and continuing until
4 the successor qualifies for a different rate in its own right;

5 (ii) For transfers on or after January 1, 1997, the contribution
6 rate of the rate class assigned to the predecessor employer at the time
7 of the transfer for the remainder of that rate year. Any experience
8 relating to the assignment of that rate class attributable to the
9 predecessor is transferred to the successor. Beginning with the
10 January 1 following the transfer, the successor's contribution rate
11 shall be based on the transferred experience of the acquired business
12 and the successor's experience after the transfer; or

13 (b) The contribution rate equal to the average industry rate as
14 determined by the commissioner, but not less than one percent, and
15 continuing until the successor qualifies for a different rate in its
16 own right. Assignment of employers by the commissioner to industrial
17 classification, for purposes of this subsection, must 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 (3) If the successor is not an employer at the time of the transfer
23 and simultaneously acquires the business or a portion of the business
24 of two or more employers in different rate classes, its rate from the
25 date the transfer occurred until the end of that rate year and until it
26 qualifies in its own right for a new rate, shall be the highest rate
27 class applicable at the time of the acquisition to any predecessor
28 employer who is a party to the acquisition, but not less than one
29 percent.

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

33 (5) In all cases, from and after January 1 following the transfer,
34 the predecessor's contribution rate for each rate year shall be based
35 on its experience with payrolls and benefits as of the regular
36 computation date for that rate year including the experience of the
37 acquired business or portion of business up to the date of transfer:
38 PROVIDED, That if all of the predecessor's business is transferred to
39 a successor or successors, the predecessor shall not be a qualified

1 employer until it satisfies the requirements of a "qualified employer"
2 as set forth in RCW 50.29.010.

3 NEW SECTION. **Sec. 2.** This act applies to unemployment
4 contribution rates effective on and after January 1, 1996.

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

Passed the Senate March 4, 1996.

Passed the House February 28, 1996.

Approved by the Governor March 28, 1996.

Filed in Office of Secretary of State March 28, 1996.