

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 3077

Chapter 2, Laws of 2000

56th Legislature
2000 Regular Session

UNEMPLOYMENT INSURANCE

EFFECTIVE DATE: 2/7/00

Passed by the House January 28, 2000
Yeas 96 Nays 1

CLYDE BALLARD
**Speaker of the House of
Representatives**

FRANK V. CHOPP JR.
**Speaker of the House of
Representatives**

Passed by the Senate February 1, 2000
Yeas 48 Nays 0

BRAD OWEN
President of the Senate

Approved February 7, 2000

GARY F. LOCKE
Governor of the State of Washington

CERTIFICATE

We, Timothy A. Martin and Cynthia Zehnder, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 3077** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN
Chief Clerk

CYNTHIA ZEHNDER
Chief Clerk

FILED

February 7, 2000 - 1:25 p.m.

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 3077

Passed Legislature - 2000 Regular Session

State of Washington

56th Legislature

2000 Regular Session

By House Committee on Commerce & Labor (originally sponsored by Representatives Conway, Clements, Thomas, Wensman, Reardon, Radcliff, Cairnes, Morris, Constantine, Stensen, Wood, Schual-Berke, Cooper, Anderson, Santos, Lovick, Kenney, Regala, Keiser, Rockefeller, Dunn, Mulliken, Carlson, O'Brien, Gombosky, Grant, Eickmeyer, Kessler, Edwards, Edmonds, Miloscia, Fisher, Linville, Koster, Ballasiotes, Pflug, D. Sommers, Campbell, D. Schmidt, Murray, Hatfield, Ogden, Hurst, Dunshee, Haigh, Tokuda, Woods, Barlean, G. Chandler, Fortunato, Boldt, Mielke, McDonald, Cody, Voloria, Scott, McIntire, Esser, Alexander, Bush, Sullivan, Lantz, Ericksen, Talcott, Buck, Dickerson, Ruderman, Wolfe, Schoesler and Kagi)

Read first time 01/27/2000. Referred to Committee on .

1 AN ACT Relating to unemployment insurance; amending RCW 50.04.355,
2 50.24.010, 50.29.020, 50.29.025, 50.29.026, 50.20.050, 50.20.060, and
3 50.20.080; reenacting and amending RCW 50.24.014; adding new sections
4 to chapter 50.22 RCW; adding a new section to chapter 50.20 RCW;
5 creating new sections; providing an expiration date; and declaring an
6 emergency.

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

8 **Sec. 1.** RCW 50.04.355 and 1977 ex.s. c 33 s 2 are each amended to
9 read as follows:

10 On or before the fifteenth day of June of each year, an "average
11 annual wage", an "average weekly wage", and an "average annual wage for
12 contributions purposes" shall be computed from information for the
13 specified preceding calendar years including corrections thereof
14 reported within three months after the close of (~~that~~) the final year
15 of the specified years by all employers as defined in RCW 50.04.080.

16 (1) The "average annual wage" is the quotient derived by dividing
17 the total remuneration reported by all employers for the preceding
18 calendar year by the average number of workers reported for all months
19 of the preceding calendar year and if the result is not a multiple of

1 one dollar, rounding the result to the next lower multiple of one
2 dollar.

3 (2) The "average weekly wage" is the quotient derived by dividing
4 the "average annual wage" ((thus)) obtained ((shall be divided)) under
5 (1) of this subsection by fifty-two and if the result is not a multiple
6 of one dollar, rounding the result to the next lower multiple of one
7 dollar ((to determine the "average weekly wage"))).

8 (3) The "average annual wage(([#])) for contribution purposes" is the
9 quotient derived by dividing by three the total remuneration reported
10 by all employers subject to contributions for the preceding three
11 consecutive calendar years and dividing this amount by the average
12 number of workers reported for all months of these three years by these
13 same employers and if the result is not a multiple of one dollar,
14 rounding the result to the next lower multiple of one dollar.

15 **Sec. 2.** RCW 50.24.010 and 1984 c 205 s 2 are each amended to read
16 as follows:

17 Contributions shall accrue and become payable by each employer
18 (except employers as described in RCW 50.44.010 who have properly
19 elected to make payments in lieu of contributions and those employers
20 who are required to make payments in lieu of contributions) for each
21 calendar year in which the employer is subject to this title at the
22 rate established pursuant to chapter 50.29 RCW.

23 In each rate year, the amount of wages subject to tax for each
24 individual shall be one hundred fifteen percent of the amount of wages
25 subject to tax for the previous year rounded to the next lower one
26 hundred dollars(~~(÷ PROVIDED)~~), except that the amount of wages subject
27 to tax in any rate year shall not exceed eighty percent of the "average
28 annual wage for contributions purposes" for the second preceding
29 calendar year rounded to the next lower one hundred dollars(~~(÷~~
30 PROVIDED FURTHER, That)). However, the amount subject to tax shall be
31 ((twelve)) twenty-four thousand three hundred dollars for rate year
32 ((1984 and ten thousand dollars for rate year 1985)) 2000.

33 In making computations under this section and RCW 50.29.010, wages
34 paid based on services for employers making payments in lieu of
35 contributions shall not be considered remuneration. Moneys paid from
36 the fund, based on services performed for employers who make payments
37 in lieu of contributions, which have not been reimbursed to the fund as
38 of any June 30 shall be deemed an asset of the unemployment

1 compensation fund, to the extent that such moneys exceed the amount of
2 payments in lieu of contributions which the commissioner has previously
3 determined to be uncollectible: PROVIDED, FURTHER, That the amount
4 attributable to employment with the state shall also include interest
5 as provided for in RCW 50.44.020.

6 Contributions shall become due and be paid by each employer to the
7 treasurer for the unemployment compensation fund in accordance with
8 such regulations as the commissioner may prescribe, and shall not be
9 deducted, in whole or in part, from the remuneration of individuals in
10 employment of the employer. Any deduction in violation of the
11 provisions of this section shall be unlawful.

12 In the payment of any contributions, a fractional part of a cent
13 shall be disregarded unless it amounts to one-half cent or more, in
14 which case it shall be increased to one cent.

15 **Sec. 3.** RCW 50.29.020 and 1995 c 57 s 3 are each amended to read
16 as follows:

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

29 (2) The legislature finds that certain benefit payments, in whole
30 or in part, should not be charged to the experience rating accounts of
31 employers except those employers described in RCW 50.44.010 and
32 50.44.030 who have properly elected to make payments in lieu of
33 contributions, taxable local government employers described in RCW
34 50.44.035, and those employers who are required to make payments in
35 lieu of contributions, as follows:

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

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

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

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

8 (c) Benefits paid which represent the state's share of benefits
9 payable as extended benefits defined under (~~chapter 50.22~~) RCW
10 50.22.010(6) shall not be charged to the experience rating account of
11 any contribution paying employer.

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

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

23 (f) Benefits paid under section 8 of this act shall not be charged
24 to the experience rating account of any contribution paying employer.

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

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

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

33 (iii) Is unemployed as a result of closure or severe curtailment of
34 operation at the employer's plant, building, work site, or other
35 facility. This closure must be for reasons directly attributable to a
36 catastrophic occurrence such as fire, flood, or other natural disaster;
37 or

38 (iv) Continues to be employed on a regularly scheduled permanent
39 part-time basis by a base year employer and who at some time during the

1 base year was concurrently employed and subsequently separated from at
2 least one other base year employer. Benefit charge relief ceases when
3 the employment relationship between the employer requesting relief and
4 the claimant is terminated. This subsection does not apply to shared
5 work employers under chapter 50.60 RCW.

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

13 **Sec. 4.** RCW 50.29.025 and 1995 c 4 s 2 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 ((June))
19 September 30th immediately preceding the rate year by the total
20 remuneration paid by all employers subject to contributions during the
21 second calendar year preceding the rate year and reported to the
22 department by the following March 31st. The division shall be carried
23 to the fourth decimal place with the remaining fraction, if any,
24 disregarded. The fund balance ratio shall be expressed as a
25 percentage.

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

31	Interval of the	
32	Fund Balance Ratio	Effective
33	Expressed as a Percentage	Tax Schedule
34	2.90 and above	AA
35	((2.50)) <u>2.10</u> to 2.89	A
36	((2.10 to 2.49)) <u>1.70</u> to 2.09	B
37	((1.70 to 2.09)) <u>1.40</u> to 1.69	C

1	((1.30 to 1.69)) <u>1.00 to 1.39</u>	D
2	((1.00 to 1.29)) <u>0.70 to 0.99</u>	E
3	Less than ((1.00)) <u>0.70</u>	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	<i>Percent of</i>									
26	<i>Cumulative</i>			<i>Schedules of Contributions Rates</i>						
27	<i>Taxable Payrolls</i>			<i>for Effective Tax Schedule</i>						
28	<i>((Rate</i>									
29	<i>From To</i>	<i>Class</i>	<i>AA</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i></i>
30	0.00 5.00	1	0.48	0.48	0.58	0.98	1.48	1.88	2.48	
31	5.01 10.00	2	0.48	0.48	0.78	1.18	1.68	2.08	2.68	
32	10.01 15.00	3	0.58	0.58	0.98	1.38	1.78	2.28	2.88	
33	15.01 20.00	4	0.58	0.78	1.18	1.58	1.98	2.48	3.08	
34	20.01 25.00	5	0.78	0.98	1.38	1.78	2.18	2.68	3.18	
35	25.01 30.00	6	0.98	1.18	1.58	1.98	2.38	2.78	3.28	
36	30.01 35.00	7	1.08	1.38	1.78	2.18	2.58	2.98	3.38	
37	35.01 40.00	8	1.28	1.58	1.98	2.38	2.78	3.18	3.58	
38	40.01 45.00	9	1.48	1.78	2.18	2.58	2.98	3.38	3.78	
39	45.01 50.00	10	1.68	1.98	2.38	2.78	3.18	3.58	3.98	

1	50.01	55.00	11	1.98	2.28	2.58	2.98	3.38	3.78	4.08
2	55.01	60.00	12	2.18	2.48	2.78	3.18	3.58	3.98	4.28
3	60.01	65.00	13	2.38	2.68	2.98	3.38	3.78	4.18	4.48
4	65.01	70.00	14	2.58	2.88	3.18	3.58	3.98	4.38	4.68
5	70.01	75.00	15	2.88	3.08	3.38	3.78	4.18	4.58	4.78
6	75.01	80.00	16	3.08	3.28	3.58	3.98	4.38	4.68	4.88
7	80.01	85.00	17	3.28	3.48	3.78	4.18	4.58	4.88	4.98
8	85.01	90.00	18	3.68	3.88	4.18	4.58	4.88	4.98	5.18
9	90.01	95.00	19	4.08	4.28	4.58	4.98	5.08	5.18	5.38
10	95.01	100.00	20	5.40	5.40	5.40	5.40	5.40	5.40	5.40

11			<u>Rate</u>							
12	<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>
13	<u>0.00</u>	<u>5.00</u>	<u>1</u>	<u>0.47</u>	<u>0.47</u>	<u>0.57</u>	<u>0.97</u>	<u>1.47</u>	<u>1.87</u>	<u>2.47</u>
14	<u>5.01</u>	<u>10.00</u>	<u>2</u>	<u>0.47</u>	<u>0.47</u>	<u>0.77</u>	<u>1.17</u>	<u>1.67</u>	<u>2.07</u>	<u>2.67</u>
15	<u>10.01</u>	<u>15.00</u>	<u>3</u>	<u>0.57</u>	<u>0.57</u>	<u>0.97</u>	<u>1.37</u>	<u>1.77</u>	<u>2.27</u>	<u>2.87</u>
16	<u>15.01</u>	<u>20.00</u>	<u>4</u>	<u>0.57</u>	<u>0.73</u>	<u>1.11</u>	<u>1.51</u>	<u>1.90</u>	<u>2.40</u>	<u>2.98</u>
17	<u>20.01</u>	<u>25.00</u>	<u>5</u>	<u>0.72</u>	<u>0.92</u>	<u>1.30</u>	<u>1.70</u>	<u>2.09</u>	<u>2.59</u>	<u>3.08</u>
18	<u>25.01</u>	<u>30.00</u>	<u>6</u>	<u>0.91</u>	<u>1.11</u>	<u>1.49</u>	<u>1.89</u>	<u>2.29</u>	<u>2.69</u>	<u>3.18</u>
19	<u>30.01</u>	<u>35.00</u>	<u>7</u>	<u>1.00</u>	<u>1.29</u>	<u>1.69</u>	<u>2.08</u>	<u>2.48</u>	<u>2.88</u>	<u>3.27</u>
20	<u>35.01</u>	<u>40.00</u>	<u>8</u>	<u>1.19</u>	<u>1.48</u>	<u>1.88</u>	<u>2.27</u>	<u>2.67</u>	<u>3.07</u>	<u>3.47</u>
21	<u>40.01</u>	<u>45.00</u>	<u>9</u>	<u>1.37</u>	<u>1.67</u>	<u>2.07</u>	<u>2.47</u>	<u>2.87</u>	<u>3.27</u>	<u>3.66</u>
22	<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>
23	<u>50.01</u>	<u>55.00</u>	<u>11</u>	<u>1.84</u>	<u>2.14</u>	<u>2.45</u>	<u>2.85</u>	<u>3.25</u>	<u>3.66</u>	<u>3.95</u>
24	<u>55.01</u>	<u>60.00</u>	<u>12</u>	<u>2.03</u>	<u>2.33</u>	<u>2.64</u>	<u>3.04</u>	<u>3.44</u>	<u>3.85</u>	<u>4.15</u>
25	<u>60.01</u>	<u>65.00</u>	<u>13</u>	<u>2.22</u>	<u>2.52</u>	<u>2.83</u>	<u>3.23</u>	<u>3.64</u>	<u>4.04</u>	<u>4.34</u>
26	<u>65.01</u>	<u>70.00</u>	<u>14</u>	<u>2.40</u>	<u>2.71</u>	<u>3.02</u>	<u>3.43</u>	<u>3.83</u>	<u>4.24</u>	<u>4.54</u>
27	<u>70.01</u>	<u>75.00</u>	<u>15</u>	<u>2.68</u>	<u>2.90</u>	<u>3.21</u>	<u>3.62</u>	<u>4.02</u>	<u>4.43</u>	<u>4.63</u>
28	<u>75.01</u>	<u>80.00</u>	<u>16</u>	<u>2.87</u>	<u>3.09</u>	<u>3.69</u>	<u>3.81</u>	<u>4.22</u>	<u>4.53</u>	<u>4.73</u>
29	<u>80.01</u>	<u>85.00</u>	<u>17</u>	<u>3.27</u>	<u>3.47</u>	<u>3.77</u>	<u>4.17</u>	<u>4.57</u>	<u>4.87</u>	<u>4.97</u>
30	<u>85.01</u>	<u>90.00</u>	<u>18</u>	<u>3.67</u>	<u>3.87</u>	<u>4.17</u>	<u>4.57</u>	<u>4.87</u>	<u>4.97</u>	<u>5.17</u>
31	<u>90.01</u>	<u>95.00</u>	<u>19</u>	<u>4.07</u>	<u>4.27</u>	<u>4.57</u>	<u>4.97</u>	<u>5.07</u>	<u>5.17</u>	<u>5.37</u>
32	<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>

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

35 (a) Employers who do not meet the definition of "qualified
36 employer" by reason of failure to pay contributions when due shall be
37 assigned ((the)) a contribution rate ((of five and six tenths percent))
38 two-tenths higher than that in rate class 20 for the applicable rate
39 year, except employers who have an approved agency-deferred payment
40 contract by September 30 of the previous rate year. If any employer
41 with an approved agency-deferred payment contract fails to make any one
42 of the succeeding deferred payments or fails to submit any succeeding
43 tax report and payment in a timely manner, the employer's tax rate

1 shall immediately revert to (~~five and six-tenths percent for the~~
2 ~~current~~) a contribution rate two-tenths higher than that in rate class
3 20 for the applicable rate year; and

4 (b) (~~The contribution rate for employers exempt as of December 31,~~
5 ~~1989, who are newly covered under the section 78, chapter 380, Laws of~~
6 ~~1989 amendment to RCW 50.04.150 and not yet qualified to be in the~~
7 ~~array shall be 2.5 percent for employers whose standard industrial code~~
8 ~~is "013", "016", "017", "018", "019", "021", or "081"; and~~

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

19 **Sec. 5.** RCW 50.29.026 and 1995 c 322 s 1 are each amended to read
20 as follows:

21 (1) Beginning with contributions assessed for rate year 1996, a
22 qualified employer's contribution rate determined under RCW 50.29.025
23 may be modified as follows:

24 (a) Subject to the limitations of this subsection, an employer may
25 make a voluntary contribution of an amount equal to part or all of the
26 benefits charged to the employer's account during the two years most
27 recently ended on June 30th that were used for the purpose of computing
28 the employer's contribution rate. On receiving timely payment of a
29 voluntary contribution, plus a surcharge of ten percent of the amount
30 of the voluntary contribution, the commissioner shall cancel the
31 benefits equal to the amount of the voluntary contribution, excluding
32 the surcharge, and compute a new benefit ratio for the employer. The
33 employer shall then be assigned the contribution rate applicable to the
34 rate class within which the recomputed benefit ratio is included. The
35 minimum amount of a voluntary contribution, excluding the surcharge,
36 must be an amount that will result in a recomputed benefit ratio that
37 is in a rate class at least two rate classes lower than the rate class
38 that included the employer's original benefit ratio.

1 (b) Payment of a voluntary contribution is considered timely if
2 received by the department during the period beginning on the date of
3 mailing to the employer the notice of contribution rate required under
4 this title for the rate year for which the employer is seeking a
5 modification of his or her contribution rate and ending on February
6 15th of that rate year or, for voluntary contributions for rate year
7 2000, ending on March 31, 2000.

8 (c) A benefit ratio may not be recomputed nor a contribution rate
9 be reduced under this section as a result of a voluntary contribution
10 received after the payment period prescribed in (b) of this subsection.

11 (2) This section does not apply to any employer who has not had an
12 increase of at least six rate classes from the previous tax rate year.

13 NEW SECTION. **Sec. 6.** A new section is added to chapter 50.22 RCW
14 to read as follows:

15 It is the intent of the legislature that a training benefits
16 program be established to provide unemployment insurance benefits to
17 unemployed individuals who participate in training programs necessary
18 for their reemployment.

19 The legislature further intends that this program serve the
20 following goals:

21 (1) Retraining should be available for those unemployed individuals
22 whose skills are no longer in demand;

23 (2) To be eligible for retraining, an individual must have a long-
24 term attachment to the labor force;

25 (3) Training must enhance the individual's marketable skills and
26 earning power; and

27 (4) Retraining must be targeted to those industries or skills that
28 are in high demand within the labor market.

29 Individuals unemployed as a result of structural changes in the
30 economy and technological advances rendering their skills obsolete must
31 receive the highest priority for participation in this program. It is
32 the further intent of the legislature that individuals for whom
33 suitable employment is available are not eligible for additional
34 benefits while participating in training.

35 The legislature further intends that funding for this program be
36 limited by a specified maximum amount each fiscal year.

1 NEW SECTION. **Sec. 7.** A new section is added to chapter 50.22 RCW
2 to read as follows:

3 The employment security department is authorized to pay training
4 benefits under section 8 of this act, but may not obligate expenditures
5 beyond the limits specified in this section or as otherwise set by the
6 legislature. Beginning with expenditures for the fiscal year ending
7 June 30, 2000, and including expenditures for the fiscal biennium
8 ending June 30, 2002, the commissioner may not obligate more than sixty
9 million dollars for training benefits. Any funds not obligated in one
10 fiscal year may be carried forward to the next fiscal year. For each
11 fiscal year beginning after June 30, 2002, the commissioner may not
12 obligate more than twenty million dollars annually in addition to any
13 funds carried over from previous fiscal years. The department shall
14 develop a process to ensure that expenditures do not exceed available
15 funds and to prioritize access to funds when again available.

16 NEW SECTION. **Sec. 8.** A new section is added to chapter 50.22 RCW
17 to read as follows:

18 (1) Subject to availability of funds, training benefits are
19 available for an individual who is eligible for or has exhausted
20 entitlement to unemployment compensation benefits and who:

21 (a) Is a dislocated worker as defined in RCW 50.04.075;

22 (b) Except as provided under subsection (2) of this section, has
23 demonstrated, through a work history, sufficient tenure in an
24 occupation or in work with a particular skill set. This screening will
25 take place during the assessment process;

26 (c) Is, after assessment of demand for the individual's occupation
27 or skills in the individual's labor market, determined to need job-
28 related training to find suitable employment in his or her labor
29 market. Beginning July 1, 2001, the assessment of demand for the
30 individual's occupation or skill sets must be substantially based on
31 declining occupation or skill sets identified in local labor market
32 areas by the local work force development councils, in cooperation with
33 the employment security department and its labor market information
34 division, under subsection (9) of this section;

35 (d) Develops an individual training program that is submitted to
36 the commissioner for approval within sixty days after the individual is
37 notified by the employment security department of the requirements of
38 this section;

1 (e) Enters the approved training program by ninety days after the
2 date of the notification, unless the employment security department
3 determines that the training is not available during the ninety-day
4 period, in which case the individual enters training as soon as it is
5 available; and

6 (f) Is enrolled in training approved under this section on a full-
7 time basis as determined by the educational institution, and is making
8 satisfactory progress in the training as certified by the educational
9 institution.

10 (2) Until June 30, 2002, the following individuals who meet the
11 requirements of subsection (1) of this section may, without regard to
12 the tenure requirements under subsection (1)(b) of this section,
13 receive training benefits as provided in this section:

14 (a) An exhaustee who has base year employment in the aerospace
15 industry assigned the standard industrial classification code "372" or
16 the North American industry classification system code "336411";

17 (b) An exhaustee who has base year employment in the forest
18 products industry, determined by the department, but including the
19 industries assigned the major group standard industrial classification
20 codes "24" and "26" or any equivalent codes in the North American
21 industry classification system code, and the industries involved in the
22 harvesting and management of logs, transportation of logs and wood
23 products, processing of wood products, and the manufacturing and
24 distribution of wood processing and logging equipment; or

25 (c) An exhaustee who has base year employment in the fishing
26 industry assigned the standard industrial classification code "0912" or
27 any equivalent codes in the North American industry classification
28 system code.

29 (3) An individual is not eligible for training benefits under this
30 section if he or she:

31 (a) Is a standby claimant who expects recall to his or her regular
32 employer;

33 (b) Has a definite recall date that is within six months of the
34 date he or she is laid off; or

35 (c) Is unemployed due to a regular seasonal layoff which
36 demonstrates a pattern of unemployment consistent with the provisions
37 of RCW 50.20.015. Regular seasonal layoff does not include layoff due
38 to permanent structural downsizing or structural changes in the
39 individual's labor market.

1 (4) The definitions in this subsection apply throughout this
2 section unless the context clearly requires otherwise.

3 (a) "Educational institution" means an institution of higher
4 education as defined in RCW 28B.10.016 or an educational institution as
5 defined in RCW 28C.04.410, including equivalent educational
6 institutions in other states.

7 (b) "Sufficient tenure" means earning a plurality of wages in a
8 particular occupation or using a particular skill set during the base
9 year and at least two of the four twelve-month periods immediately
10 preceding the base year.

11 (c) "Training benefits" means additional benefits paid under this
12 section.

13 (d) "Training program" means:

14 (i) An education program determined to be necessary as a
15 prerequisite to vocational training after counseling at the educational
16 institution in which the individual enrolls under his or her approved
17 training program; or

18 (ii) A vocational training program at an educational institution:

19 (A) That is targeted to training for a high demand occupation.
20 Beginning July 1, 2001, the assessment of high demand occupations
21 authorized for training under this section must be substantially based
22 on labor market and employment information developed by local work
23 force development councils, in cooperation with the employment security
24 department and its labor market information division, under subsection
25 (9) of this section;

26 (B) That is likely to enhance the individual's marketable skills
27 and earning power; and

28 (C) That meets the criteria for performance developed by the work
29 force training and education coordinating board for the purpose of
30 determining those training programs eligible for funding under Title I
31 of P.L. 105-220.

32 "Training program" does not include any course of education
33 primarily intended to meet the requirements of a baccalaureate or
34 higher degree, unless the training meets specific requirements for
35 certification, licensing, or for specific skills necessary for the
36 occupation.

37 (5) Benefits shall be paid as follows:

38 (a)(i) For exhaustees who are eligible under subsection (1) of this
39 section, the total training benefit amount shall be fifty-two times the

1 individual's weekly benefit amount, reduced by the total amount of
2 regular benefits and extended benefits paid, or deemed paid, with
3 respect to the benefit year; or

4 (ii) For exhaustees who are eligible under subsection (2) of this
5 section, the total training benefit amount shall be seventy-four times
6 the individual's weekly benefit amount, reduced by the total amount of
7 regular benefits and extended benefits paid, or deemed paid, with
8 respect to the benefit year. Beginning with new claims filed after
9 June 30, 2002, for exhaustees eligible under subsection (2) of this
10 section, the total training benefit amount shall be fifty-two times the
11 individual's weekly benefit amount, reduced by the total amount of
12 regular benefits and extended benefits paid, or deemed paid, with
13 respect to the benefit year.

14 (b) The weekly benefit amount shall be the same as the regular
15 weekly amount payable during the applicable benefit year and shall be
16 paid under the same terms and conditions as regular benefits. The
17 training benefits shall be paid before any extended benefits but not
18 before any similar federally funded program.

19 (c) Training benefits are not payable for weeks more than two years
20 beyond the end of the benefit year of the regular claim.

21 (6) The requirement under RCW 50.22.010(10) relating to exhausting
22 regular benefits does not apply to an individual otherwise eligible for
23 training benefits under this section when the individual's benefit year
24 ends before his or her training benefits are exhausted and the
25 individual is eligible for a new benefit year. These individuals will
26 have the option of remaining on the original claim or filing a new
27 claim.

28 (7) Individuals who receive training benefits under this section or
29 under any previous additional benefits program for training are not
30 eligible for training benefits under this section for five years from
31 the last receipt of training benefits under this section or under any
32 previous additional benefits program for training.

33 (8) All base year employers are interested parties to the approval
34 of training and the granting of training benefits.

35 (9) By July 1, 2001, each local work force development council, in
36 cooperation with the employment security department and its labor
37 market information division, must identify occupations and skill sets
38 that are declining and occupations and skill sets that are in high
39 demand. For the purposes of sections 6 through 9 of this act, "high

1 demand" means demand for employment that exceeds the supply of
2 qualified workers for occupations or skill sets in a labor market area.
3 Local work force development councils must use state and locally
4 developed labor market information. Thereafter, each local work force
5 development council shall update this information annually or more
6 frequently if needed.

7 (10) The commissioner shall adopt rules as necessary to implement
8 this section.

9 NEW SECTION. **Sec. 9.** (1) The work force training and education
10 coordinating board, with the cooperation and assistance of the state
11 board for community and technical colleges and the employment security
12 department, shall review the participation in the training benefits
13 program under section 8 of this act and report to the appropriate
14 committees of the legislature by December 1, 2002, on the following:

15 (a) A demographic analysis of participants in the training benefits
16 program under this section including the number of claimants per
17 standard industrial classification code and the gender, race, age, and
18 geographic representation of participants;

19 (b) The duration of training benefits claimed per claimant;

20 (c) An analysis of the training provided to participants including
21 the occupational category supported by the training, those participants
22 who complete training in relationship to those that do not, and the
23 reasons for noncompletion of approved training programs;

24 (d) The employment and wage history of participants, including the
25 pretraining and posttraining wage and whether those participating in
26 training return to their previous employer after training terminates;

27 (e) The impact of training benefits paid from the unemployment
28 compensation fund on employers' unemployment insurance contributions.
29 The review shall include the impact by rate class, industry and
30 business size, and overall impact; and

31 (f) An identification and analysis of administrative costs at both
32 the local and state level for implementing this program.

33 (2) The employment security department shall collect the following
34 information:

35 (a) The number of applicants disqualified for unemployment benefits
36 under Title 50 RCW by disqualifying reason;

1 (b) The benefits costs resulting from claims in which the claimant
2 requalifies under sections 12 through 14 of this act and the extent to
3 which these costs are socialized;

4 (c) An analysis of the disqualification and requalification for
5 benefits and the impact on claimants and employers; and

6 (d) An analysis of RCW 50.20.050(2)(c), including demographics of
7 affected claimants and employers.

8 (3) Any demographic information collected under this section will
9 be aggregated to ensure that the confidentiality provisions of chapter
10 50.13 RCW extend to claimants and employers who are the subject of this
11 study.

12 NEW SECTION. Sec. 10. A new section is added to chapter 50.20 RCW
13 to read as follows:

14 (1) To ensure that unemployment insurance benefits are paid in
15 accordance with RCW 50.20.098, the employment security department shall
16 verify that an individual is eligible to work in the United States
17 before the individual receives training benefits under section 8 of
18 this act.

19 (2) By July 1, 2002, the employment security department shall:

20 (a) Develop and implement an effective method for determining,
21 where appropriate, eligibility to work in the United States for
22 individuals applying for unemployment benefits under this title;

23 (b) Review verification systems developed by federal agencies for
24 verifying a person's eligibility to receive unemployment benefits under
25 this title and evaluate the effectiveness of these systems for use in
26 this state; and

27 (c) Report its initial findings to the legislature by September 1,
28 2000, and its final report by July 1, 2002.

29 (3) Where federal law prohibits the conditioning of unemployment
30 benefits on a verification of an individual's status as a qualified or
31 authorized alien, the requirements of this section shall not apply.

32 NEW SECTION. Sec. 11. (1) A legislative task force is established
33 to review and make recommendations regarding the changes deemed
34 necessary to ensure that the unemployment insurance system meets the
35 needs of employers and workers in the twenty-first century. The task
36 force shall consist of fifteen members, as follows:

1 (a) Two members from each of the two largest caucuses of the
2 senate, appointed by the president of the senate;

3 (b) Two members from each of the two largest caucuses of the house
4 of representatives, appointed by the co-speakers of the house of
5 representatives;

6 (c) Three members representing business, appointed jointly by the
7 president of the senate and the co-speakers of the house of
8 representatives from nominees provided by state-wide business
9 organizations representing a cross-section of industries and small
10 business;

11 (d) Three members representing labor, appointed jointly by the
12 president of the senate and the co-speakers of the house of
13 representatives from nominees provided by state-wide labor
14 organizations; and

15 (e) A representative of the executive branch, appointed by the
16 governor.

17 The task force shall choose its chair from among its membership.

18 (2) The task force shall review the historical fundamentals of the
19 unemployment insurance system established early in the twentieth
20 century and determine to what extent, if any, the system should be
21 modified to meet the challenges of maintaining low unemployment,
22 establishing a skilled work force, and ensuring a strong and
23 competitive business and employment climate in our new technology-based
24 twenty-first century economy.

25 (3) The task force shall use legislative facilities and staff from
26 senate committee services and the office of program research, but may
27 hire additional staff with specific technical expertise if such
28 expertise is necessary to carry out the mandates of this study. Each
29 nonlegislative member of the task force shall be reimbursed for travel
30 expenses in accordance with RCW 43.03.050 and 43.03.060. All expenses
31 of the task force, including travel, shall be paid jointly by the
32 senate and the house of representatives.

33 (4) The task force shall report its findings and recommendations to
34 the legislature by December 1, 2000.

35 (5) This section expires July 1, 2001.

36 **Sec. 12.** RCW 50.20.050 and 1993 c 483 s 8 are each amended to read
37 as follows:

1 (1) An individual shall be disqualified from benefits beginning
2 with the first day of the calendar week in which he or she has left
3 work voluntarily without good cause and thereafter for ~~((five))~~ seven
4 calendar weeks and until he or she has obtained bona fide work in
5 employment covered by this title and earned wages in that employment
6 equal to ~~((five))~~ seven times his or her weekly benefit amount.

7 The disqualification shall continue if the work obtained is a mere
8 sham to qualify for benefits and is not bona fide work. In determining
9 whether work is of a bona fide nature, the commissioner shall consider
10 factors including but not limited to the following:

11 (a) The duration of the work;

12 (b) The extent of direction and control by the employer over the
13 work; and

14 (c) The level of skill required for the work in light of the
15 individual's training and experience.

16 (2) An individual shall not be considered to have left work
17 voluntarily without good cause when:

18 (a) He or she has left work to accept a bona fide offer of bona
19 fide work as described in subsection (1) of this section;

20 (b) The separation was because of the illness or disability of the
21 claimant or the death, illness, or disability of a member of the
22 claimant's immediate family if the claimant took all reasonable
23 precautions, in accordance with any regulations that the commissioner
24 may prescribe, to protect his or her employment status by having
25 promptly notified the employer of the reason for the absence and by
26 having promptly requested reemployment when again able to assume
27 employment: PROVIDED, That these precautions need not have been taken
28 when they would have been a futile act, including those instances when
29 the futility of the act was a result of a recognized labor/management
30 dispatch system; or

31 (c) He or she has left work to relocate for the spouse's employment
32 that is due to an employer-initiated mandatory transfer that is outside
33 the existing labor market area if the claimant remained employed as
34 long as was reasonable prior to the move.

35 (3) In determining under this section whether an individual has
36 left work voluntarily without good cause, the commissioner shall only
37 consider work-connected factors such as the degree of risk involved to
38 the individual's health, safety, and morals, the individual's physical
39 fitness for the work, the individual's ability to perform the work, and

1 such other work connected factors as the commissioner may deem
2 pertinent, including state and national emergencies. Good cause shall
3 not be established for voluntarily leaving work because of its distance
4 from an individual's residence where the distance was known to the
5 individual at the time he or she accepted the employment and where, in
6 the judgment of the department, the distance is customarily traveled by
7 workers in the individual's job classification and labor market, nor
8 because of any other significant work factor which was generally known
9 and present at the time he or she accepted employment, unless the
10 related circumstances have so changed as to amount to a substantial
11 involuntary deterioration of the work factor or unless the commissioner
12 determines that other related circumstances would work an unreasonable
13 hardship on the individual were he or she required to continue in the
14 employment.

15 (4) Subsections (1) and (3) of this section shall not apply to an
16 individual whose marital status or domestic responsibilities cause him
17 or her to leave employment. Such an individual shall not be eligible
18 for unemployment insurance benefits beginning with the first day of the
19 calendar week in which he or she left work and thereafter for ((five))
20 seven calendar weeks and until he or she has requalified, either by
21 obtaining bona fide work in employment covered by this title and
22 earning wages in that employment equal to ((five)) seven times his or
23 her weekly benefit amount or by reporting in person to the department
24 during ten different calendar weeks and certifying on each occasion
25 that he or she is ready, able, and willing to immediately accept any
26 suitable work which may be offered, is actively seeking work pursuant
27 to customary trade practices, and is utilizing such employment
28 counseling and placement services as are available through the
29 department. This subsection does not apply to individuals covered by
30 subsection (2)(b) or (c) of this section.

31 **Sec. 13.** RCW 50.20.060 and 1993 c 483 s 9 are each amended to read
32 as follows:

33 An individual shall be disqualified from benefits beginning with
34 the first day of the calendar week in which he or she has been
35 discharged or suspended for misconduct connected with his or her work
36 and thereafter for ((five)) seven calendar weeks and until he or she
37 has obtained bona fide work in employment covered by this title and
38 earned wages in that employment equal to ((five)) seven times his or

1 her weekly benefit amount. Alcoholism shall not constitute a defense
2 to disqualification from benefits due to misconduct.

3 **Sec. 14.** RCW 50.20.080 and 1993 c 483 s 10 are each amended to
4 read as follows:

5 An individual is disqualified for benefits, if the commissioner
6 finds that the individual has failed without good cause, either to
7 apply for available, suitable work when so directed by the employment
8 office or the commissioner, or to accept suitable work when offered the
9 individual, or to return to his or her customary self-employment (if
10 any) when so directed by the commissioner. Such disqualification shall
11 begin with the week of the refusal and thereafter for ~~((five))~~ seven
12 calendar weeks and continue until the individual has obtained bona fide
13 work in employment covered by this title and earned wages ~~((therefor))~~
14 in that employment of not less than ~~((five))~~ seven times his or her
15 suspended weekly benefit amount.

16 **Sec. 15.** RCW 50.24.014 and 1998 c 346 s 901 and 1998 c 161 s 7 are
17 each reenacted and amended to read as follows:

18 (1)(a) A separate and identifiable account to provide for the
19 financing of special programs to assist the unemployed is established
20 in the administrative contingency fund. Contributions to this account
21 shall accrue and become payable by each employer, except employers as
22 described in RCW 50.44.010 and 50.44.030 who have properly elected to
23 make payments in lieu of contributions, taxable local government
24 employers as described in RCW 50.44.035, and those employers who are
25 required to make payments in lieu of contributions, at a basic rate of
26 two one-hundredths of one percent. The amount of wages subject to tax
27 shall be determined under RCW 50.24.010.

28 (b) A separate and identifiable account is established in the
29 administrative contingency fund for financing the employment security
30 department's administrative cost under section 8 of this act and the
31 costs under section 8(9) of this act. Contributions to this account
32 shall accrue and become payable by each employer, except employers as
33 described in RCW 50.44.010 and 50.44.030 who have properly elected to
34 make payments in lieu of contributions, taxable local government
35 employers as described in RCW 50.44.035, those employers who are
36 required to make payments in lieu of contributions, those employers
37 described under RCW 50.29.025(6)(b), and those qualified employers

1 assigned rate class 20 under RCW 50.29.025, at a basic rate of one
2 one-hundredths of one percent. The amount of wages subject to tax
3 shall be determined under RCW 50.24.010. Any amount of contributions
4 payable under this subsection (1)(b) that exceeds the amount that would
5 have been collected at a rate of four one-thousandths of one percent
6 must be deposited in the unemployment compensation trust fund.

7 (c) For the first calendar quarter of 1994 only, the basic two one-
8 hundredths of one percent contribution payable under (a) of this
9 subsection shall be increased by one-hundredth of one percent to a
10 total rate of three one-hundredths of one percent. The proceeds of
11 this incremental one-hundredth of one percent shall be used solely for
12 the purposes described in section 22, chapter 483, Laws of 1993, and
13 for the purposes of conducting an evaluation of the call center
14 approach to unemployment insurance under section 5, chapter 161, Laws
15 of 1998. During the 1997-1999 fiscal biennium, any surplus from
16 contributions payable under this subsection (~~((b))~~) (c) may be
17 deposited in the unemployment compensation trust fund, used to support
18 tax and wage automated systems projects that simplify and streamline
19 employer reporting, or both.

20 (2)(a) Contributions under this section shall become due and be
21 paid by each employer under rules as the commissioner may prescribe,
22 and shall not be deducted, in whole or in part, from the remuneration
23 of individuals in the employ of the employer. Any deduction in
24 violation of this section is unlawful.

25 (b) In the payment of any contributions under this section, a
26 fractional part of a cent shall be disregarded unless it amounts to
27 one-half cent or more, in which case it shall be increased to one cent.

28 (3) If the commissioner determines that federal funding has been
29 increased to provide financing for the services specified in chapter
30 50.62 RCW, the commissioner shall direct that collection of
31 contributions under this section be terminated on the following January
32 1st.

1 NEW SECTION. **Sec. 16.** (1) Sections 1, 2, 4, 5, and 15 of this act
2 apply to rate years beginning on or after January 1, 2000.

3 (2)(a) Except as provided under (b) of this subsection, sections 8
4 and 12 through 14 of this act apply beginning with weeks of
5 unemployment that begin on or after the Sunday following the day on
6 which the governor signs chapter . . . , Laws of 2000 (this act).

7 (b) For individuals eligible under section 8(2)(a) of this act who
8 are enrolled in a national reserve grant on the effective date of this
9 act, section 8 of this act applies beginning with weeks of unemployment
10 that begin after the termination of their needs-related payments under
11 a national reserve grant.

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

22 NEW SECTION. **Sec. 18.** If any provision of this act or its
23 application to any person or circumstance is held invalid, the
24 remainder of the act or the application of the provision to other
25 persons or circumstances is not affected.

26 NEW SECTION. **Sec. 19.** This act is necessary for the immediate
27 preservation of the public peace, health, or safety, or support of the
28 state government and its existing public institutions, and takes effect
29 immediately.

 Passed the House January 28, 2000.
 Passed the Senate February 1, 2000.
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