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**SUBSTITUTE HOUSE BILL 1116**

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**State of Washington                      65th Legislature                      2017 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Robinson, Doglio, Senn, Reeves, Gregerson, Frame, Lytton, Kagi, Stonier, Tarleton, Jinkins, Ortiz-Self, Ormsby, Macri, Riccelli, Tharinger, Appleton, Stanford, Peterson, McBride, Kloba, Kirby, Dolan, Hudgins, Wylie, Slatter, Santos, Pollet, Farrell, Bergquist, Goodman, and Sells)

READ FIRST TIME 02/24/17.

1            AN ACT Relating to implementing family and medical leave  
2 insurance; amending RCW 49.86.005, 49.86.010, 49.86.020, 49.86.030,  
3 49.86.050, 49.86.060, 49.86.070, 49.86.080, 49.86.090, 49.86.110,  
4 49.86.120, 49.86.130, 49.86.140, 49.86.160, 49.86.170, 49.86.180, and  
5 49.86.210; reenacting and amending RCW 43.79A.040, 50.29.021, and  
6 34.05.328; adding new sections to chapter 49.86 RCW; creating a new  
7 section; repealing RCW 49.86.100; prescribing penalties; and  
8 declaring an emergency.

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

10           **Sec. 1.** RCW 49.86.005 and 2007 c 357 s 1 are each amended to  
11 read as follows:

12           The legislature finds that, although family and medical leave  
13 laws have assisted individuals to balance the demands of the  
14 workplace with their family responsibilities, more needs to be done  
15 to achieve the goals of parent and child bonding, family care,  
16 children and family health, workforce stability, and economic  
17 security. In particular, the legislature finds that many individuals  
18 do not have access to family and medical leave laws, and those who do  
19 may not be in a financial position to take family and medical leave  
20 that is unpaid, and that employer-paid benefits meet only a  
21 relatively small part of this need. The legislature declares it to be

1 in the public interest to establish a program that: (1) Allows  
2 parents to bond with a newborn or newly placed child, workers to care  
3 for family members with a serious health condition or to recover from  
4 their own serious health condition, and workers to deal with  
5 exigencies arising out of the military service of a family member;  
6 (2) provides limited and additional income support for a reasonable  
7 period while an individual is away from work on family and medical  
8 leave; (3) reduces the impact on state income support programs by  
9 increasing an individual's ability to provide caregiving services for  
10 ((a—child)) family members while maintaining an employment  
11 relationship; and (4) establishes a wage replacement benefit to be  
12 coordinated with current existing state and federal family and  
13 medical leave laws.

14 **Sec. 2.** RCW 49.86.010 and 2007 c 357 s 3 are each amended to  
15 read as follows:

16 The definitions in this section apply throughout this chapter  
17 unless the context clearly requires otherwise.

18 (1)(a) With respect to leave for the birth or placement of a  
19 child, "application year" means the twelve-month period beginning on  
20 the first day of the calendar week of the birth or placement of the  
21 child.

22 (b) With respect to leave for a family member's or the  
23 individual's serious health condition, or leave for military  
24 exigency, "application year" means the twelve-month period beginning  
25 on the first day of the calendar week in which an individual files an  
26 application for family and medical leave insurance benefits ((and,  
27 thereafter, the twelve-month period beginning with the first day of  
28 the calendar week in which the individual next files an application  
29 for family leave insurance benefits after the expiration of the  
30 individual's last preceding application year)).

31 (c) An application year may not begin before the individual's  
32 last preceding application year has expired.

33 (2) "Calendar quarter" means the same as in RCW 50.04.050.

34 (3) "Child" means a biological ((or an)), adopted ((child)), or  
35 foster child, and a stepchild, a legal ward, or a child of a person  
36 standing in loco parentis.

37 (4) "Commissioner" means the commissioner of the department.

38 (5) "Department" means the ((state agency to be directed to  
39 administer the family leave insurance program.

1       ~~(5) "Director" means the director of the~~) employment security  
2 department.

3       (6) "Employer" means: (a) ~~((The same as in RCW 50.04.080))~~ Any  
4 individual or type of organization, including any partnership,  
5 association, trust, estate, joint stock company, insurance company,  
6 limited liability company, or corporation, whether domestic or  
7 foreign, or the receiver, trustee in bankruptcy, trustee, or the  
8 legal representative of a deceased person, having any person in  
9 employment or, having become an employer, has not ceased to be an  
10 employer; and (b) the state and its political subdivisions.

11       (7) "Employment" ~~((has the meaning provided in RCW 50.04.100))~~  
12 means personal service, of whatever nature, unlimited by the  
13 relationship of master and servant as known to the common law or any  
14 other legal relationship, including service in interstate commerce,  
15 performed for wages or under any contract calling for the performance  
16 of personal services, written or oral, express or implied.  
17 "Employment" does not include individuals working as independent  
18 contractors or self-employed individuals.

19       (8) "Family and medical leave" means ~~leave((:(a) Because of the~~  
20 ~~birth of a child of the employee and in order to care for the child;~~  
21 ~~or (b) because of the placement of a child with the employee for~~  
22 ~~adoption))~~ for a family member's serious health condition, leave for  
23 the birth or placement of a child under the age of eighteen, and  
24 leave for the individual's serious health condition as these types of  
25 leave are defined in RCW 49.78.020 and described in RCW 49.78.220,  
26 and leave taken by a family member for a military exigency.

27       (9) "Family and medical leave insurance benefits" means the  
28 benefits payable under RCW 49.86.050 and 49.86.060.

29       (10) "Family member" means a child, spouse, parent, grandparent,  
30 grandchild, or sibling of the individual, or any person related by  
31 blood or affinity whose close association with the individual is the  
32 equivalent of a family relationship.

33       (11) "Federal family and medical leave act" means the federal  
34 family and medical leave act of 1993 (Act Feb. 5, 1993, P.L. 103-3,  
35 107 Stat. 6).

36       ~~((11))~~ (12) "Health care provider" means the same as in RCW  
37 49.78.020 except that "director" means commissioner.

38       (13) "Independent contractor" means an individual performing  
39 services where:

1       (a)(i) The individual has been and will continue to be free from  
2 control or direction over the performance of such service, both under  
3 his or her contract of service and in fact; and

4       (ii) The service is either outside the usual course of business  
5 for which such service is performed, or that such service is  
6 performed outside of all the places of business of the enterprises  
7 for which such service is performed; and

8       (iii) The individual is customarily engaged in an independently  
9 established trade, occupation, profession, or business, of the same  
10 nature as that involved in the contract of service.

11       (b) Or as a separate alternative, it does not constitute  
12 employment subject to this title if it is shown that:

13       (i) The individual has been and will continue to be free from  
14 control or direction over the performance of such service, both under  
15 his or her contract of service and in fact;

16       (ii) The service is either outside the usual course of business  
17 for which such service is performed, or that such service is  
18 performed outside of all the places of business of the enterprises  
19 for which such service is performed, or the individual is  
20 responsible, both under the contract and in fact, for the costs of  
21 the principal place of business from which the service is performed;

22       (iii) The individual is customarily engaged in an independently  
23 established trade, occupation, profession, or business, of the same  
24 nature as that involved in the contract of service, or such  
25 individual has a principal place of business for the work the  
26 individual is conducting that is eligible for a business deduction  
27 for federal income tax purposes;

28       (iv) On the effective date of the contract of service, the  
29 individual is responsible for filing at the next applicable filing  
30 period, both under the contract of service and in fact, a schedule of  
31 expenses with the internal revenue service for the type of business  
32 the individual is conducting;

33       (v) On the effective date of the contract of service, or within a  
34 reasonable period after the effective date of the contract, the  
35 individual has established an account with the department of revenue,  
36 and other state agencies as required by the particular case, for the  
37 business the individual is conducting for the payment of all state  
38 taxes normally paid by employers and businesses and has registered  
39 for and received a unified business identifier number from the state  
40 of Washington;

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

5 (vii) If the services require registration under chapter 18.27  
6 RCW or licensing under chapter 19.28 RCW, the individual has a valid  
7 contractor registration under chapter 18.27 RCW or electrical  
8 contractor license under chapter 19.28 RCW, on the date of the  
9 contract for service.

10 (14) "Individual's average weekly wage" is the quotient derived  
11 by dividing the individual's total wages during the two quarters of  
12 the individual's qualifying year in which total wages were highest by  
13 twenty-six. If the result is not a multiple of one dollar, the  
14 department must round the result to the next lower multiple of one  
15 dollar.

16 (15) "Military exigency" means a purpose for which leave is  
17 permitted under the federal family and medical leave act and  
18 implementing rules, as they existed on the effective date of this  
19 section, because of a qualifying exigency.

20 (16) "Parent" means the biological or adoptive parent of the  
21 individual or the individual's spouse or an individual who stood in  
22 loco parentis to the individual or the individual's spouse when the  
23 individual or the individual's spouse was a child.

24 (17) "Premium" or "premiums" means payments required by this  
25 chapter to be made to the department for the family and medical leave  
26 insurance account under RCW 49.86.170.

27 (18) "Qualifying year" means the first four of the last five  
28 completed calendar quarters or, if eligibility is not established,  
29 the last four completed calendar quarters immediately preceding the  
30 first day of the individual's application year.

31 ~~((12) "Regularly working" means the average number of hours per~~  
32 ~~workweek that an individual worked in the two quarters of the~~  
33 ~~individual's qualifying year in which total wages were highest.))~~

34 (19) "Serious health condition" means the same as in RCW  
35 49.78.020.

36 (20) "Spouse" means the same as in RCW 49.78.020.

37 (21) "State average weekly wage" means the average weekly wage  
38 calculated under RCW 50.04.355.

39 (22) "Wages" means the same as "wages" for the purpose of payment  
40 of contributions in RCW 50.04.320(1), except that only wages paid to

1 an individual for services in the state are wages for purposes of  
2 this chapter. "Wages" for purposes of elective coverage under RCW  
3 49.86.110 has the meaning as defined by rule.

4 NEW SECTION. Sec. 3. A new section is added to chapter 49.86  
5 RCW to read as follows:

6 The definitions of "employer" and "employment" in section 1 of  
7 the railroad unemployment insurance act (45 U.S.C. Sec. 351) also  
8 apply throughout this chapter unless the context clearly requires  
9 otherwise.

10 **Sec. 4.** RCW 49.86.020 and 2007 c 357 s 4 are each amended to  
11 read as follows:

12 (1) The department shall establish and administer a family and  
13 medical leave insurance program and pay family and medical leave  
14 insurance benefits as specified in this chapter.

15 (2) The department shall establish procedures and forms for  
16 filing (~~claims~~) for benefits under this chapter. The department  
17 shall notify the employer within five business days of (~~a claim~~) an  
18 application being filed under RCW 49.86.030.

19 (3) The department may require that an individual attest that:

20 (a) There has been a birth or placement of a child under the age  
21 of eighteen, or the individual or the individual's family member has  
22 a serious health condition, or the individual qualifies for military  
23 exigency leave; and

24 (b) The individual is not earning waiting period credits or  
25 receiving benefits under chapter 7.68 RCW, Title 50 or 51 RCW, or  
26 other applicable federal or state crime victims' compensation,  
27 unemployment compensation, industrial insurance, or disability  
28 insurance laws.

29 (4) The department may require that: (a) An application for  
30 benefits under this chapter be supported by a certification issued by  
31 the health care provider providing health care to the individual or  
32 the individual's family member, as applicable, and (b) the individual  
33 provides documentation of a military exigency.

34 (5) The department shall use information sharing and integration  
35 technology to facilitate the disclosure of relevant information or  
36 records by (~~the employment security department~~) another state  
37 agency, so long as an individual consents to the disclosure as  
38 required under RCW 49.86.030(~~(+4)~~) (1)(d).

1        ~~((4))~~ (6) Information contained in the files and records  
2 pertaining to an individual under this chapter are confidential and  
3 not open to public inspection, other than to public employees in the  
4 performance of their official duties. However, the individual or an  
5 authorized representative of an individual may review the records or  
6 receive specific information from the records on the presentation of  
7 the signed authorization of the individual. An employer or the  
8 employer's duly authorized representative may review the records of  
9 an individual employed by the employer in connection with a pending  
10 claim. At the department's discretion, other persons may review  
11 records when such persons are rendering assistance to the department  
12 at any stage of the proceedings on any matter pertaining to the  
13 administration of this chapter.

14        ~~((5))~~ (7) The department shall develop and implement an  
15 outreach program to ensure that individuals who may be eligible to  
16 receive family and medical leave insurance benefits under this  
17 chapter are made aware of these benefits. Outreach information shall  
18 explain, in an easy to understand format, eligibility requirements,  
19 the application and weekly claims ~~((process))~~ processes, weekly  
20 benefit amounts, maximum benefits payable, notice and medical  
21 certification requirements, reinstatement and nondiscrimination  
22 rights, confidentiality, and ~~((coordination of leave))~~ the  
23 relationship between employment protection, leave from employment,  
24 and wage replacement benefits under this chapter and other laws,  
25 collective bargaining agreements, and employer policies. Outreach  
26 information shall be prepared by the department with technical  
27 assistance from the department of labor and industries. Outreach  
28 information shall be available in English and other primary languages  
29 as defined in RCW 74.04.025.

30        **Sec. 5.** RCW 49.86.030 and 2013 2nd sp.s. c 26 s 1 are each  
31 amended to read as follows:

32        ~~((When the legislature has specifically appropriated funding and  
33 enacted an implementation date for benefits, then beginning on that  
34 specified date,))~~ (1) Family and medical leave insurance benefits are  
35 payable to an individual during a period in which the individual is  
36 unable to perform his or her regular or customary work because he or  
37 she is on family and medical leave if the individual:

1       ~~((1))~~ (a) Files ~~((a-claim))~~ an application for benefits ~~((in~~  
2 ~~each week in which the individual is on family leave, and))~~ as  
3 required by rules adopted by the ~~((director))~~ commissioner;

4       ~~((2))~~ (b) Has ~~((been employed))~~ worked for an employer for at  
5 least ~~((six hundred eighty hours in employment))~~ three hundred forty  
6 hours during the individual's qualifying year or has met the  
7 requirements of elective coverage under RCW 49.86.110;

8       ~~((3))~~ (c) Establishes an application year. An application year  
9 may not be established if the qualifying year includes hours worked  
10 before establishment of a previous application year;

11       ~~((4))~~ (d) Consents to the disclosure of information or records  
12 deemed private and confidential under ~~((chapter 50.13 RCW))~~ state  
13 law. Initial disclosure of this information and these records by  
14 ~~((the employment security department))~~ another state agency to the  
15 department is solely for purposes related to the administration of  
16 this chapter. Further disclosure of this information or these records  
17 is subject to RCW 49.86.020~~((3))~~ (5) and section 14 of this act;

18       ~~((5))~~ (e) Discloses whether or not he or she owes child support  
19 obligations as defined in RCW 50.40.050; ~~((and~~

20 ~~(6) Documents that he or she has provided))~~ (f) Provides his or  
21 her social security number;

22       (g) Provides a document authorizing the family member's or  
23 individual's health care provider, as applicable, to disclose the  
24 family member's or individual's health care information in the form  
25 of the certification of a serious health condition;

26       (h) Provides the employer from whom family and medical leave is  
27 to be taken with written notice of the individual's intention to take  
28 family leave in the same manner as an employee is required to provide  
29 notice in RCW 49.78.250 and, in the individual's initial application  
30 for benefits, attests that written notice has been provided; and

31       (i) If requested by the employer, provides documentation of a  
32 military exigency.

33       (2) An individual who is not working for an employer at the time  
34 of filing an application for benefits is exempt from subsection  
35 (1)(h) and (i) of this section.

36       (3)(a) With respect to leave for the birth or placement of a  
37 child or a family member's serious health condition or military  
38 exigency leave, family and medical leave insurance benefits are  
39 payable beginning October 1, 2019.



1 (b) With respect to leave for an individual's serious health  
2 condition, family and medical leave insurance benefits are payable  
3 beginning October 1, 2020.

4 **Sec. 6.** RCW 49.86.050 and 2007 c 357 s 7 are each amended to  
5 read as follows:

6 (1) The maximum number of weeks during which family and medical  
7 leave insurance benefits are payable in an application year is ~~((five~~  
8 ~~weeks))~~ twenty-six total weeks for leave for a family member's  
9 serious health condition, for military exigency leave, and for the  
10 birth or placement of a child, plus twelve weeks for the individual's  
11 serious health condition. However, benefits are not payable during a  
12 waiting period consisting of the first seven calendar days of family  
13 and medical leave taken in an application year for an individual's or  
14 family member's serious health condition, whether the first seven  
15 calendar days of family and medical leave are employer paid or  
16 unpaid.

17 (2)(a) The first payment of benefits must be ~~((made))~~ sent to an  
18 individual within two weeks after the first completed weekly claim is  
19 ~~((filed))~~ received or the family and medical leave began, whichever  
20 is later, and subsequent payments must be ~~((made-semimonthly))~~ sent  
21 biweekly thereafter.

22 (b) The payment of benefits under this chapter shall not be  
23 considered a binding determination of the obligations of the  
24 department under this chapter. The acceptance of compensation by the  
25 individual shall likewise not be considered a binding determination  
26 of his or her rights under this chapter. ~~((Whenever any payment of~~  
27 ~~benefits under this chapter has been made and timely appeal therefrom~~  
28 ~~has been made where the final decision is that the payment was~~  
29 ~~improper, the individual shall repay it and recoupment may be made~~  
30 ~~from any future payment due to the individual on any claim under this~~  
31 ~~chapter. The director may exercise his or her discretion to waive, in~~  
32 ~~whole or in part, the amount of any such payments where the recovery~~  
33 ~~would be against equity and good conscience.~~

34 ~~(e))~~ If an individual dies before he or she receives a payment  
35 of benefits, the payment shall be ~~((made))~~ sent by the department and  
36 distributed consistent with the terms of the decedent's will or, if  
37 the decedent dies intestate, consistent with the terms of RCW  
38 11.04.015.

1       **Sec. 7.** RCW 49.86.060 and 2007 c 357 s 8 are each amended to  
2 read as follows:

3       The amount of family and medical leave insurance benefits shall  
4 be determined as follows:

5       (1) ~~((The weekly benefit shall be two hundred fifty dollars per  
6 week for an individual who at the time of beginning family leave was  
7 regularly working thirty five hours or more per week.))~~ If the  
8 individual's average weekly wage is: (a) Fifty percent or less of the  
9 state average weekly wage, the individual's weekly benefit is ninety  
10 percent of the individual's average weekly wage; or (b) more than  
11 fifty percent of the state average weekly wage, the individual's  
12 weekly benefit is the sum of: (i) Ninety percent of the individual's  
13 average weekly wage up to fifty percent of the state average weekly  
14 wage; and (ii) fifty percent of the individual's average weekly wage  
15 that is greater than fifty percent of the state average weekly wage.

16       (2) ~~((If an individual who at the time of beginning family leave  
17 was regularly working thirty five hours or more per week is on family  
18 leave for less than thirty five hours but at least eight hours in a  
19 week, the individual's weekly benefit shall be .025 times the maximum  
20 weekly benefit times the number of hours of family leave taken in the  
21 week.))~~ Beginning October 1, 2019, the maximum weekly benefit amount  
22 shall be one thousand dollars. By September 30, 2020, and by each  
23 subsequent September 30th, the department shall adjust the maximum  
24 weekly benefit amount to ninety percent of the state average weekly  
25 wage. The adjusted maximum weekly benefit amount takes effect on the  
26 following January 1st.

27       (3) An individual may submit weekly claims on an intermittent  
28 basis; however, benefits are not payable for less than eight hours of  
29 family and medical leave taken in a week.

30       ~~((3) For an individual who at the time of beginning family leave  
31 was regularly working less than thirty five hours per week, the  
32 department shall calculate a prorated schedule for a weekly benefit  
33 amount and a minimum number of hours of family leave that must be  
34 taken in a week for benefits to be payable, with the prorated  
35 schedule based on the amounts and the calculations specified under  
36 subsections (1) and (2) of this section.))~~

37       (4) If an individual discloses that he or she owes child support  
38 obligations under RCW 49.86.030 and the department determines that  
39 the individual is eligible for benefits, the department shall notify  
40 the applicable state or local child support enforcement agency and

1 deduct and withhold an amount from benefits in a manner consistent  
2 with RCW 50.40.050.

3 (5) If (~~the internal revenue service determines that family~~  
4 ~~leave insurance benefits under this chapter are subject to federal~~  
5 ~~income tax and~~) an individual elects to have federal income tax  
6 deducted and withheld from benefits under RCW 49.86.070, the  
7 department shall deduct and withhold the amount specified in the  
8 federal internal revenue code in a manner consistent with RCW  
9 49.86.070.

10 **Sec. 8.** RCW 49.86.070 and 2007 c 357 s 9 are each amended to  
11 read as follows:

12 (1) If the internal revenue service determines that family and  
13 medical leave insurance benefits under this chapter are subject to  
14 federal income tax, the department must advise an individual filing a  
15 new (~~claim~~) application for family and medical leave insurance  
16 benefits, at the time of filing such (~~claim~~) application, that:

17 (a) The internal revenue service has determined that benefits are  
18 subject to federal income tax;

19 (b) Requirements exist pertaining to estimated tax payments;

20 (c) The individual may elect to have federal income tax deducted  
21 and withheld from the individual's payment of benefits at the amount  
22 specified in the federal internal revenue code; and

23 (d) The individual is permitted to change a previously elected  
24 withholding status.

25 (2) Amounts deducted and withheld from benefits must remain in  
26 the family and medical leave insurance account until transferred to  
27 the federal taxing authority as a payment of income tax.

28 (3) The (~~director~~) commissioner shall follow all procedures  
29 specified by the federal internal revenue service pertaining to the  
30 deducting and withholding of income tax.

31 **Sec. 9.** RCW 49.86.080 and 2007 c 357 s 10 are each amended to  
32 read as follows:

33 (1) If family and medical leave insurance benefits are paid  
34 erroneously or as a result of willful misrepresentation, or if a  
35 claim for family and medical leave benefits is rejected after  
36 benefits are paid, (~~RCW 51.32.240 shall apply, except that appeals~~  
37 ~~are governed by RCW 49.86.120, penalties are paid into the family~~  
38 ~~leave insurance account, and the department shall seek repayment of~~

1 ~~benefits from the recipient))~~ the department shall issue an  
2 overpayment assessment setting forth the reasons for, and the amount  
3 of, the overpayment. The recipient must repay the amount assessed and  
4 recoupment may be made from any future payments due the recipient  
5 under this chapter.

6 (2) The commissioner may waive an overpayment if the commissioner  
7 finds that the overpayment was not the result of fraud,  
8 misrepresentation, willful nondisclosure, or fault attributable to  
9 the individual and that the recovery thereof would be against equity  
10 and good conscience.

11 (3) If any overpayment was induced by willful misrepresentation,  
12 the recipient shall pay, in addition to the amount assessed, a  
13 penalty of fifty percent of the total of any such payments. The  
14 amount of the total sum may be recouped from any future payments due  
15 the recipient under this chapter, and the amount of such penalty  
16 shall be placed in the family and medical leave account. The  
17 repayment or recoupment must be demanded or ordered within three  
18 years of the discovery of the willful misrepresentation.

19 (4) Appeals of overpayment assessments and penalties shall be  
20 governed by RCW 49.86.120.

21 (5) Whenever such an overpayment assessment becomes conclusive  
22 and final, the department may file with the superior court clerk of  
23 any county within the state a warrant in the amount of the  
24 overpayment assessment plus a filing fee under RCW 36.18.012(10).  
25 However, the department must first give at least twenty days' notice  
26 by certified mail return receipt requested, to the individual's last  
27 known address of the intended action.

28 (a) The clerk of the county where the warrant is filed shall  
29 immediately designate a superior court cause number for the warrant.  
30 The clerk shall cause to be entered in the judgment docket under the  
31 superior court cause number assigned to the warrant the name of the  
32 person or persons mentioned in the warrant, the amount of the  
33 overpayment assessment, and the date when the warrant was filed.

34 (b) The amount of the warrant as docketed shall become a lien  
35 upon the title to, and any interest in, all real and personal  
36 property of the person or persons against whom the warrant is issued,  
37 the same as a judgment in a civil case duly docketed in the office of  
38 the clerk. A warrant so docketed shall be sufficient to support the  
39 issuance of writs of execution and writs of garnishment in favor of  
40 the state in the manner provided by law for a civil judgment.

1 (c) A copy of the warrant shall be mailed to the person or  
2 persons mentioned in the warrant by certified mail to the person's  
3 last known address within ten days of its filing with the clerk.

4 **Sec. 10.** RCW 49.86.090 and 2007 c 357 s 11 are each amended to  
5 read as follows:

6 (1) During a period in which an individual receives family and  
7 medical leave insurance benefits or earns waiting period credits  
8 under this chapter, the individual is entitled to family and medical  
9 leave and, at the established ending date of leave, to be restored to  
10 a position of employment with the employer from whom leave was taken.

11 (2) The individual entitled to leave under this section shall be  
12 restored to a position of employment in the same manner and under the  
13 same conditions as an employee entitled to leave under chapter 49.78  
14 RCW is restored to a position of employment, as specified in RCW  
15 49.78.280.

16 (3) This section applies only to an individual if:

17 (a) The employer from whom the individual takes family and  
18 medical leave (~~((employs more than twenty five employees))~~) has eight  
19 or more employees in employment when the individual applies. The  
20 department shall interpret this subsection (3)(a) consistent with  
21 rules of the Washington state human rights commission; and

22 (b) The individual has been (~~(employed)~~) in employment for at  
23 least (~~((twelve))~~) six months by that employer(~~(, and for at least one~~  
24 ~~thousand two hundred fifty hours of service with that employer during~~  
25 ~~the previous twelve month period))~~).

26 (4) This section applies only to an individual who was in  
27 employment at the time of filing an application for benefits.

28 (5) This section shall be enforced by the department of labor and  
29 industries as provided in chapter 49.78 RCW.

30 NEW SECTION. **Sec. 11.** A new section is added to chapter 49.86  
31 RCW to read as follows:

32 Except for any individual who is not employed at the time of  
33 application for benefits, during any period an individual receives  
34 family and medical leave insurance benefits, the employer must  
35 maintain any health plan coverage for the duration of the leave at  
36 the level and under the conditions coverage would have been provided  
37 if the individual had continued in employment continuously for the  
38 duration of the leave.

1       **Sec. 12.** RCW 49.86.110 and 2007 c 357 s 13 are each amended to  
2 read as follows:

3       (1) ~~((An employer of individuals not covered by this chapter))~~  
4 Beginning January 1, 2019, an independent contractor, or a self-  
5 employed person, including a sole proprietor, partner, or joint  
6 venturer, may elect coverage under this chapter ~~((for all individuals~~  
7 ~~in its employ))~~ for the independent contractor or self-employed  
8 person for an initial period of not less than three years or a  
9 subsequent period of not less than one year immediately following  
10 another period of coverage. The ~~((employer))~~ independent contractor  
11 or self-employed person must file a notice of election in writing  
12 with the ~~((director))~~ commissioner, as required by the department.  
13 The election becomes effective on the date when the independent  
14 contractor or self-employed person establishes three hundred forty  
15 hours following the date of filing the notice.

16       (2) An ~~((employer))~~ independent contractor or self-employed  
17 person who has elected coverage may withdraw from coverage within  
18 thirty days after the end of the three-year period of coverage, or at  
19 such other times as the ~~((director))~~ commissioner may ~~((prescribe))~~  
20 adopt by rule, by filing ~~((written))~~ a notice of withdrawal in  
21 writing with the ~~((director))~~ commissioner, such withdrawal to take  
22 effect not sooner than thirty days after filing the notice~~((—Within~~  
23 ~~five days of filing written notice of the withdrawal with the~~  
24 ~~director, an employer must provide written notice of the withdrawal~~  
25 ~~to all individuals in the employer's employ))~~ with the commissioner.

26       (3) The department may cancel elective coverage if the  
27 independent contractor or self-employed person fails to make required  
28 payments or reports. The department may collect due and unpaid  
29 premiums and may levy an additional premium for the remainder of the  
30 period of coverage. The cancellation must be effective no later than  
31 thirty days from the date of the notice in writing advising the  
32 independent contractor or self-employed person of the cancellation.

33       (4) In developing and implementing the requirements of this  
34 section, the department shall adopt government efficiencies to  
35 improve administration and reduce costs. These efficiencies may  
36 include, but are not limited to, requiring that payments be made in a  
37 manner and at intervals unique to the elective coverage program.

38       (5) The department shall adopt rules for determining the wages of  
39 an independent contractor or self-employed individual.

1        NEW SECTION.    **Sec. 13.**    A new section is added to chapter 49.86  
2    RCW to read as follows:

3        (1) Beginning July 1, 2018, the department shall assess for each  
4    individual employed by an employer and for each individual electing  
5    coverage pursuant to RCW 49.86.110 a premium based on the amount of  
6    the individual's wages. Each employer may deduct from the wages of  
7    each individual up to one-half of the full amount that the employer  
8    is required to pay for the individual.

9        (2)(a) Beginning July 1, 2018, and ending December 31, 2019, each  
10   employer and those electing coverage pursuant to RCW 49.86.110 shall  
11   pay a premium to the department of two hundred fifty-five thousandths  
12   of one percent of the individual's wages.

13        (b) Beginning January 1, 2020, and ending December 31, 2020, each  
14   employer and those electing coverage pursuant to RCW 49.86.110 shall  
15   pay a premium to the department of fifty-one hundredths of one  
16   percent of the individual's wages.

17        (c) For calendar year 2021 and thereafter, each employer and  
18   those electing coverage pursuant to RCW 49.86.110 shall pay a premium  
19   to the department based on the family and medical leave insurance  
20   account balance ratio as of September 30th of the previous year. The  
21   commissioner shall calculate the account balance ratio by dividing  
22   the balance of the family and medical leave insurance account by  
23   total wages paid by employers and those electing coverage pursuant to  
24   RCW 49.86.110. The division shall be carried to the fourth decimal  
25   place with the remaining fraction disregarded unless it amounts to  
26   five thousandths or more, in which case the fourth decimal place  
27   shall be rounded to the next higher digit. If the account balance  
28   ratio is:

29        (i) Zero to nine hundredths of one percent, the premium is six  
30   tenths of one percent of the individual's wages;

31        (ii) One tenth of one percent to nineteen hundredths of one  
32   percent, the premium is five tenths of one percent of the  
33   individual's wages;

34        (iii) Two tenths of one percent to twenty-nine hundredths of one  
35   percent, the premium is four tenths of one percent of the  
36   individual's wages;

37        (iv) Three tenths of one percent to thirty-nine hundredths of one  
38   percent, the premium is three tenths of one percent of the  
39   individual's wages;

1 (v) Four tenths of one percent to forty-nine hundredths of one  
2 percent, the premium is two tenths of one percent of the individual's  
3 wages; or

4 (vi) Five tenths of one percent or greater, the premium is one  
5 tenth of one percent of the individual's wages.

6 (3) Beginning January 1, 2022, if the fund balance ratio  
7 calculated in subsection (2) of this section is below 0.05 percent,  
8 each employer and those electing coverage pursuant to RCW 49.86.110  
9 shall also be charged a solvency surcharge at the lowest rate  
10 necessary to provide revenue to fund administrative and benefit costs  
11 for the calendar year, as determined by the commissioner. The  
12 surcharge shall be at least 0.10 percent and no more than 0.6  
13 percent.

14 (4) Payments shall be made in the manner and at such intervals as  
15 provided in this chapter and directed by the department, and shall be  
16 deposited in the family and medical leave insurance account. In the  
17 payment of premiums, a fractional part of a cent shall be disregarded  
18 unless it amounts to one-half cent or more, in which case it shall be  
19 increased to one cent.

20 NEW SECTION. **Sec. 14.** A new section is added to chapter 49.86  
21 RCW to read as follows:

22 (1) In the form and at the times specified in this chapter and by  
23 the commissioner, an employer and those electing coverage under RCW  
24 49.86.110 shall make reports, furnish information, and make payments  
25 of premiums as required by section 13 of this act to the department.  
26 In developing and implementing the requirements of this section and  
27 section 13 of this act, the department shall adopt government  
28 efficiencies to improve administration and reduce costs. These  
29 efficiencies shall include, to the extent feasible, combined  
30 reporting and payment, with a single return, of premiums under this  
31 section and contributions under chapter 50.24 RCW. If the employer is  
32 a temporary help company that provides employees on a temporary basis  
33 to its customers, the temporary help company is considered the  
34 employer for purposes of this section. However, if the temporary help  
35 company fails to remit the required premiums, the customer to whom  
36 the employees were provided is liable for paying the premiums.

37 (2)(a) An employer and those electing coverage under RCW  
38 49.86.110 must keep at his or her place of business a record of  
39 employment from which the information needed by the department for



1 purposes of this chapter may be obtained. This record must at all  
2 times be open to the inspection of the commissioner or department  
3 employees designated by the commissioner.

4 (b) Information obtained under this chapter from employer records  
5 and records of those electing coverage is confidential and not open  
6 to public inspection, other than to public employees in the  
7 performance of their official duties. However, an interested party  
8 shall be supplied with information from employer records to the  
9 extent necessary for the proper presentation of the case in question.  
10 An employer or those electing coverage may authorize inspection of  
11 its records by written consent.

12 (3) The requirements relating to the assessment and collection of  
13 family and medical leave insurance premiums are the same as the  
14 requirements relating to the assessment and collection of  
15 contributions under Title 50 RCW, including but not limited to  
16 penalties, interest, and department lien rights and collection  
17 remedies. These requirements apply to:

18 (a) An employer or those electing coverage under RCW 49.86.110  
19 that fails under this chapter to make the required reports, or fails  
20 to remit the full amount of the premiums when due;

21 (b) An employer or those electing coverage under RCW 49.86.110  
22 that willfully makes a false statement or misrepresentation regarding  
23 a material fact, or willfully fails to report a material fact, to  
24 avoid making the required reports or remitting the full amount of the  
25 premiums when due under this chapter;

26 (c) A successor in the manner specified in RCW 50.24.210; and

27 (d) An officer, member, or owner having control or supervision of  
28 payment and/or reporting of family and medical leave insurance, or  
29 who is charged with the responsibility for the filing of returns, in  
30 the manner specified in RCW 50.24.230.

31 (4) Notwithstanding subsection (3) of this section, appeals are  
32 governed by RCW 49.86.120.

33 **Sec. 15.** RCW 49.86.120 and 2007 c 357 s 14 are each amended to  
34 read as follows:

35 (1) Except as provided in section 16(1) of this act, a person  
36 ((aggrieved by a decision of the department under this chapter must))  
37 may file a notice of appeal ((with the director)) from any  
38 determination or redetermination made by the department with the  
39 commissioner, by mail or personally, within thirty days after the

1 date on which a copy of the department's decision was (~~communicated~~  
2 ~~to~~) served on the person. Upon receipt of the notice of appeal, the  
3 (~~director~~) commissioner shall request the assignment of an  
4 administrative law judge in accordance with chapter 34.05 RCW to  
5 conduct a hearing and issue a proposed decision and order. The  
6 hearing shall be conducted in accordance with chapter 34.05 RCW.

7 (2) The administrative law judge's proposed decision and order  
8 shall be final and not subject to further appeal unless, within  
9 thirty days after the decision is (~~communicated to~~) served on the  
10 interested parties, (~~a party petitions for review by the director.~~  
11 ~~If the director's review is timely requested, the director may order~~  
12 ~~additional evidence by the administrative law judge. On the basis of~~  
13 ~~the evidence before the administrative law judge and such additional~~  
14 ~~evidence as the director may order to be taken, the director shall~~  
15 ~~render a decision affirming, modifying, or setting aside the~~  
16 ~~administrative law judge's decision. The director's decision becomes~~  
17 ~~final and not subject to further appeal unless, within thirty days~~  
18 ~~after the decision is communicated to the interested parties,)~~) a  
19 party files a petition for judicial review as provided in chapter  
20 34.05 RCW. (~~The director is a party to any judicial action involving~~  
21 ~~the director's decision and shall be represented in the action by the~~  
22 ~~attorney general.))~~)

23 (3) If, upon (~~administrative or~~) judicial review, the final  
24 decision of the department is reversed or modified, (~~the~~  
25 ~~administrative law judge or~~) the court in its discretion may award  
26 the prevailing party, other than the department, reasonable  
27 attorneys' fees and costs to the prevailing party. Attorneys' fees  
28 and costs owed by the department, if any, are payable from the family  
29 and medical leave insurance account.

30 NEW SECTION. Sec. 16. A new section is added to chapter 49.86  
31 RCW to read as follows:

32 (1) A determination of the amount of benefits potentially payable  
33 issued under this chapter shall not serve as a basis for appeal under  
34 RCW 49.86.120. However, the determination shall be subject to request  
35 by the individual receiving family and medical leave insurance  
36 benefits for redetermination by the commissioner at any time within  
37 one year from the date of delivery or mailing of such determination,  
38 or any redetermination thereof. A redetermination shall be furnished

1 to the individual in writing and provide the basis for appeal under  
2 RCW 49.86.120.

3 (2) A determination of denial of benefits shall become final, in  
4 the absence of timely appeal therefrom. The commissioner may  
5 redetermine such determinations at any time within one year from  
6 mailing to correct an error in identity, omission of fact, or  
7 misapplication of law with respect to the facts.

8 (3) A determination of allowance of benefits shall become final,  
9 in the absence of a timely appeal therefrom. The commissioner may  
10 redetermine such allowance at any time within two years following the  
11 application year in which such allowance was made in order to recover  
12 any benefits for which recovery is provided under RCW 49.86.080.

13 (4) A redetermination may be made at any time: (a) To conform to  
14 a final court decision applicable to either an initial determination  
15 or a determination of denial or allowance of benefits; (b) in the  
16 event of a back pay award or settlement affecting the allowance of  
17 benefits; or (c) in the case of misrepresentation or willful failure  
18 to report a material fact. Written notice of any such redetermination  
19 shall be promptly given by mail or delivered to such interested  
20 parties as were notified of the initial determination or  
21 determination of denial or allowance of benefits and any new  
22 interested party or parties who, pursuant to such rule as the  
23 commissioner may adopt, would be an interested party.

24 **Sec. 17.** RCW 49.86.130 and 2007 c 357 s 15 are each amended to  
25 read as follows:

26 (1) An employer, temporary help company, employment agency,  
27 employee organization, or other person may not discharge, expel, or  
28 otherwise discriminate against ((a person)) an individual because he  
29 or she has filed or communicated to the employer an intent to file  
30 ((a)) application, a weekly claim, a complaint, or an appeal, or has  
31 testified or is about to testify or has assisted in any proceeding,  
32 under this chapter, at any time, including during the waiting period  
33 described in RCW 49.86.050 and the period in which the ((person))  
34 individual receives family and medical leave insurance benefits under  
35 this chapter. ((This section shall be enforced as provided in RCW  
36 51.48.025-))

37 (2) Any individual who believes that he or she has been  
38 discharged or otherwise discriminated against by an employer in  
39 violation of this section may file a complaint with the commissioner

1 alleging discrimination within ninety days of the date of the alleged  
2 violation. Upon receipt of such complaint, the commissioner shall  
3 cause an investigation to be made as the commissioner deems  
4 appropriate. Within ninety days of the receipt of a complaint filed  
5 under this section, the commissioner shall notify the complainant of  
6 his or her determination. If, upon such investigation, it is  
7 determined that this section has been violated, the commissioner  
8 shall bring an action in the superior court of the county in which  
9 the violation is alleged to have occurred.

10 (3) If the commissioner determines that this section has not been  
11 violated, the individual may institute the action on his or her own  
12 behalf.

13 (4) In any action brought under this section, the superior court  
14 shall have jurisdiction, for cause shown, to restrain violations of  
15 subsection (1) of this section and to order all appropriate relief  
16 including rehiring or reinstatement of the individual with back pay.

17 **Sec. 18.** RCW 49.86.140 and 2007 c 357 s 16 are each amended to  
18 read as follows:

19 ~~(1)((a) Leave taken under this chapter must be taken~~  
20 ~~concurrently with any leave taken))~~ If an individual is entitled to  
21 employment protection under this chapter and under the federal family  
22 and medical leave act of 1993 (Act Feb. 5, 1993, P.L. 103-3, 107  
23 Stat. 6) (~~or under~~), chapter 49.78 RCW, or other applicable  
24 federal, state, or local law, the individual is entitled to  
25 employment protection under the other applicable law most favorable  
26 to the individual.

27 ~~((b) An))~~ (2) Except as provided in this subsection, if an  
28 individual is entitled to family and medical leave under this chapter  
29 and under the federal family and medical leave act, chapter 49.78  
30 RCW, or other applicable federal, state, or local law, the employer  
31 may require that leave (~~taken~~) under this chapter be taken  
32 concurrently (~~or otherwise coordinated~~) with leave (~~allowed~~)  
33 under (~~the terms of a collective bargaining agreement or employer~~  
34 policy, as applicable, for the birth or placement of a child)) other  
35 applicable laws. The employer must give individuals in its employ  
36 written notice of this requirement. Leave from employment under this  
37 chapter is in addition to leave from employment during which benefits  
38 are paid or are payable under Title 51 RCW or other applicable  
39 federal or state industrial insurance laws.

1 (3) In any week in which an individual is earning any required  
2 waiting period credits or receiving benefits under chapter 7.68 RCW,  
3 Title 50 or 51 RCW, or other applicable federal or state crime  
4 victims' compensation, unemployment compensation, industrial  
5 insurance, or disability insurance laws, the individual is  
6 disqualified from receiving family and medical leave insurance  
7 benefits under this chapter.

8 (4)(a) Except as provided in this section, this chapter does not  
9 prohibit an employer from negotiating a collective bargaining  
10 agreement or adopting employer policies, as applicable, to coordinate  
11 existing benefits with leave from employment and wage replacement  
12 benefits required under this chapter.

13 ((2)(a)) (b) This chapter does not diminish an employer's  
14 obligation to comply with a collective bargaining agreement or  
15 employer policy, as applicable, that provides greater ((leave for the  
16 birth or placement of a child)) employment protection, leave from  
17 employment, health plan benefits, or wage replacement benefits than  
18 under this chapter.

19 ((b)) (c) An individual's ((right to leave)) rights to  
20 employment protection, leave from employment, health plan benefits,  
21 and wage replacement benefits under this chapter may not be  
22 diminished by a collective bargaining agreement entered into or  
23 renewed or an employer policy adopted or retained after ((July 1,  
24 2008)) the effective date of this section. Any agreement by an  
25 individual to waive his or her rights under this chapter is void as  
26 against public policy.

27 (d) If an employer provides wage replacement benefits to an  
28 individual while on family and medical leave through disability  
29 insurance or any other means, the individual may elect whether first  
30 to receive such benefits or receive family and medical leave  
31 insurance benefits under this chapter. An individual may not be  
32 required to receive the individual's wage replacement benefits, if  
33 any, before receiving family and medical leave insurance benefits  
34 under this chapter.

35 **Sec. 19.** RCW 49.86.160 and 2007 c 357 s 18 are each amended to  
36 read as follows:

37 The ~~((director))~~ commissioner may adopt rules as necessary to  
38 implement this chapter. In adopting rules, the ~~((director))~~  
39 commissioner shall maintain consistency with the rules adopted to

1 implement the federal family and medical leave act, and chapter 49.78  
2 RCW, to the extent such rules are not in conflict with this chapter.  
3 RCW 34.05.328 does not apply to rules adopted by the commissioner to  
4 implement RCW 49.86.060(1) or section 13(3) of this act.

5 **Sec. 20.** RCW 49.86.170 and 2009 c 4 s 905 are each amended to  
6 read as follows:

7 (1) The family and medical leave insurance account is created in  
8 the custody of the state treasurer. All receipts from the premiums  
9 imposed under this chapter must be deposited in the account.  
10 Expenditures from the account may be used only for the purposes of  
11 the family and medical leave insurance program. Only the ~~((director~~  
12 ~~of the department of labor and industries))~~ commissioner or the  
13 ~~((director's))~~ commissioner's designee may authorize expenditures  
14 from the account. The account is subject to the allotment procedures  
15 under chapter 43.88 RCW. An appropriation is required for  
16 administrative expenses, but not for benefit payments. ~~((During the~~  
17 ~~2007-2009 fiscal biennium, the legislature may transfer from the~~  
18 ~~family leave insurance account to the state general fund such amounts~~  
19 ~~as reflect the excess fund balance of the account.))~~

20 (2) On July 1, 2017, the state treasurer must transfer forty-two  
21 million dollars from the state general fund to the family and medical  
22 leave insurance account.

23 (3) The transfer in subsection (2) of this section is a loan from  
24 the state general fund for start-up costs of the program that must be  
25 repaid with interest in the rate that the state general fund would  
26 have earned without the transfer as determined by the state  
27 treasurer. By June 30, 2019, the state treasurer must transfer the  
28 amount of the loan, together with any interest, from the family and  
29 medical leave insurance account to the state general fund.

30 **Sec. 21.** RCW 49.86.180 and 2007 c 357 s 20 are each amended to  
31 read as follows:

32 Whenever, in the judgment of the state investment board, there  
33 shall be in the family and medical leave insurance account funds in  
34 excess of that amount deemed by the state investment board to be  
35 sufficient to meet the current expenditures properly payable  
36 therefrom, the state investment board shall have full power to  
37 invest, reinvest, manage, contract, or sell or exchange investments

1 acquired with such excess funds in the manner prescribed by RCW  
2 43.84.150, and not otherwise.

3 **Sec. 22.** RCW 43.79A.040 and 2016 c 203 s 2, 2016 c 173 s 10,  
4 2016 c 69 s 21, and 2016 c 39 s 7 are each reenacted and amended to  
5 read as follows:

6 (1) Money in the treasurer's trust fund may be deposited,  
7 invested, and reinvested by the state treasurer in accordance with  
8 RCW 43.84.080 in the same manner and to the same extent as if the  
9 money were in the state treasury, and may be commingled with moneys  
10 in the state treasury for cash management and cash balance purposes.

11 (2) All income received from investment of the treasurer's trust  
12 fund must be set aside in an account in the treasury trust fund to be  
13 known as the investment income account.

14 (3) The investment income account may be utilized for the payment  
15 of purchased banking services on behalf of treasurer's trust funds  
16 including, but not limited to, depository, safekeeping, and  
17 disbursement functions for the state treasurer or affected state  
18 agencies. The investment income account is subject in all respects to  
19 chapter 43.88 RCW, but no appropriation is required for payments to  
20 financial institutions. Payments must occur prior to distribution of  
21 earnings set forth in subsection (4) of this section.

22 (4)(a) Monthly, the state treasurer must distribute the earnings  
23 credited to the investment income account to the state general fund  
24 except under (b), (c), and (d) of this subsection.

25 (b) The following accounts and funds must receive their  
26 proportionate share of earnings based upon each account's or fund's  
27 average daily balance for the period: The 24/7 sobriety account, the  
28 Washington promise scholarship account, the Washington advanced  
29 college tuition payment program account, the Washington college  
30 savings program account, the accessible communities account, the  
31 Washington achieving a better life experience program account, the  
32 community and technical college innovation account, the agricultural  
33 local fund, the American Indian scholarship endowment fund, the  
34 foster care scholarship endowment fund, the foster care endowed  
35 scholarship trust fund, the contract harvesting revolving account,  
36 the Washington state combined fund drive account, the commemorative  
37 works account, the county enhanced 911 excise tax account, the toll  
38 collection account, the developmental disabilities endowment trust  
39 fund, the energy account, the fair fund, the family and medical leave

1 insurance account, the food animal veterinarian conditional  
2 scholarship account, the fruit and vegetable inspection account, the  
3 future teachers conditional scholarship account, the game farm  
4 alternative account, the GET ready for math and science scholarship  
5 account, the Washington global health technologies and product  
6 development account, the grain inspection revolving fund, the  
7 industrial insurance rainy day fund, the juvenile accountability  
8 incentive account, the law enforcement officers' and firefighters'  
9 plan 2 expense fund, the local tourism promotion account, the  
10 multiagency permitting team account, the pilotage account, the  
11 produce railcar pool account, the regional transportation investment  
12 district account, the rural rehabilitation account, the Washington  
13 sexual assault kit account, the stadium and exhibition center  
14 account, the youth athletic facility account, the self-insurance  
15 revolving fund, the children's trust fund, the Washington horse  
16 racing commission Washington bred owners' bonus fund and breeder  
17 awards account, the Washington horse racing commission class C purse  
18 fund account, the individual development account program account, the  
19 Washington horse racing commission operating account, the life  
20 sciences discovery fund, the Washington state heritage center  
21 account, the reduced cigarette ignition propensity account, the  
22 center for childhood deafness and hearing loss account, the school  
23 for the blind account, the Millersylvania park trust fund, the public  
24 employees' and retirees' insurance reserve fund, and the radiation  
25 perpetual maintenance fund.

26 (c) The following accounts and funds must receive eighty percent  
27 of their proportionate share of earnings based upon each account's or  
28 fund's average daily balance for the period: The advanced right-of-  
29 way revolving fund, the advanced environmental mitigation revolving  
30 account, the federal narcotics asset forfeitures account, the high  
31 occupancy vehicle account, the local rail service assistance account,  
32 and the miscellaneous transportation programs account.

33 (d) Any state agency that has independent authority over accounts  
34 or funds not statutorily required to be held in the custody of the  
35 state treasurer that deposits funds into a fund or account in the  
36 custody of the state treasurer pursuant to an agreement with the  
37 office of the state treasurer shall receive its proportionate share  
38 of earnings based upon each account's or fund's average daily balance  
39 for the period.



1 (5) In conformance with Article II, section 37 of the state  
2 Constitution, no trust accounts or funds shall be allocated earnings  
3 without the specific affirmative directive of this section.

4 **Sec. 23.** RCW 49.86.210 and 2013 2nd sp.s. c 26 s 2 are each  
5 amended to read as follows:

6 Beginning (~~one year after the implementation date specified by~~  
7 ~~the legislature pursuant to RCW 49.86.030~~) December 1, 2020, and  
8 annually thereafter, the department shall report to the legislature  
9 on:

10 (1) Projected and actual program participation((τ));

11 (2) Premium rates((τ));

12 (3) Fund balances((τ));

13 (4) Benefits paid;

14 (5) Demographic information on program participants, including  
15 income, gender, race, ethnicity, geographic distribution by county  
16 and legislative district, and employment sector;

17 (6) Costs of providing benefits; and

18 (7) Outreach efforts.

19 **Sec. 24.** RCW 50.29.021 and 2013 c 244 s 1 and 2013 c 189 s 3 are  
20 each reenacted and amended to read as follows:

21 (1) This section applies to benefits charged to the experience  
22 rating accounts of employers for claims that have an effective date  
23 on or after January 4, 2004.

24 (2)(a) An experience rating account shall be established and  
25 maintained for each employer, except employers as described in RCW  
26 50.44.010, 50.44.030, and 50.50.030 who have properly elected to make  
27 payments in lieu of contributions, taxable local government employers  
28 as described in RCW 50.44.035, and those employers who are required  
29 to make payments in lieu of contributions, based on existing records  
30 of the employment security department.

31 (b) Benefits paid to an eligible individual shall be charged to  
32 the experience rating accounts of each of such individual's employers  
33 during the individual's base year in the same ratio that the wages  
34 paid by each employer to the individual during the base year bear to  
35 the wages paid by all employers to that individual during that base  
36 year, except as otherwise provided in this section.

37 (c) When the eligible individual's separating employer is a  
38 covered contribution paying base year employer, benefits paid to the

1 eligible individual shall be charged to the experience rating account  
2 of only the individual's separating employer if the individual  
3 qualifies for benefits under:

4 (i) RCW 50.20.050 (1)(b)(i) or (2)(b)(i), as applicable, and  
5 became unemployed after having worked and earned wages in the bona  
6 fide work; or

7 (ii) RCW 50.20.050 (1)(b) (v) through (x) or (2)(b) (v) through  
8 (x).

9 (3) The legislature finds that certain benefit payments, in whole  
10 or in part, should not be charged to the experience rating accounts  
11 of employers except those employers described in RCW 50.44.010,  
12 50.44.030, and 50.50.030 who have properly elected to make payments  
13 in lieu of contributions, taxable local government employers  
14 described in RCW 50.44.035, and those employers who are required to  
15 make payments in lieu of contributions, as follows:

16 (a) Benefits paid to any individual later determined to be  
17 ineligible shall not be charged to the experience rating account of  
18 any contribution paying employer, except as provided in subsection  
19 (5) of this section.

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

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

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

27 (c) Benefits paid which represent the state's share of benefits  
28 payable as extended benefits defined under RCW 50.22.010(6) shall not  
29 be charged to the experience rating account of any contribution  
30 paying employer.

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

36 (e) Benefits paid to an individual who qualifies for benefits  
37 under RCW 50.20.050 (1)(b) (iv) or (xi) or (2)(b) (iv) or (xi), as  
38 applicable, shall not be charged to the experience rating account of  
39 any contribution paying employer.

1 (f) With respect to claims with an effective date on or after the  
2 first Sunday following April 22, 2005, benefits paid that exceed the  
3 benefits that would have been paid if the weekly benefit amount for  
4 the claim had been determined as one percent of the total wages paid  
5 in the individual's base year shall not be charged to the experience  
6 rating account of any contribution paying employer. This subsection  
7 (3)(f) does not apply to the calculation of contribution rates under  
8 RCW 50.29.025 for rate year 2010 and thereafter.

9 (g) The forty-five dollar increase paid as part of an  
10 individual's weekly benefit amount as provided in RCW 50.20.1201 and  
11 the twenty-five dollar increase paid as part of an individual's  
12 weekly benefit amount as provided in RCW 50.20.1202 shall not be  
13 charged to the experience rating account of any contribution paying  
14 employer.

15 (h) With respect to claims where the minimum amount payable  
16 weekly is increased to one hundred fifty-five dollars pursuant to RCW  
17 50.20.1201(3), benefits paid that exceed the benefits that would have  
18 been paid if the minimum amount payable weekly had been calculated  
19 pursuant to RCW 50.20.120 shall not be charged to the experience  
20 rating account of any contribution paying employer.

21 (i) Upon approval of an individual's training benefits plan  
22 submitted in accordance with RCW 50.22.155(2), an individual is  
23 considered enrolled in training, and regular benefits beginning with  
24 the week of approval shall not be charged to the experience rating  
25 account of any contribution paying employer.

26 (j) Training benefits paid to an individual under RCW 50.22.155  
27 shall not be charged to the experience rating account of any  
28 contribution paying employer.

29 (4)(a) A contribution paying base year employer, except employers  
30 as provided in subsection (6) of this section, not otherwise eligible  
31 for relief of charges for benefits under this section, may receive  
32 such relief if the benefit charges result from payment to an  
33 individual who:

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

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

39 (iii) Is unemployed as a result of closure or severe curtailment  
40 of operation at the employer's plant, building, worksite, or other

1 facility. This closure must be for reasons directly attributable to a  
2 catastrophic occurrence such as fire, flood, or other natural  
3 disaster;

4 (iv) Continues to be employed on a regularly scheduled permanent  
5 part-time basis by a base year employer and who at some time during  
6 the base year was concurrently employed and subsequently separated  
7 from at least one other base year employer. Benefit charge relief  
8 ceases when the employment relationship between the employer  
9 requesting relief and the claimant is terminated. This subsection  
10 does not apply to shared work employers under chapter 50.60 RCW;

11 (v) Continues to be employed on a regularly scheduled permanent  
12 part-time basis by a base year employer and who qualified for two  
13 consecutive unemployment claims where wages were attributable to at  
14 least one employer who employed the individual in both base years.  
15 Benefit charge relief ceases when the employment relationship between  
16 the employer requesting relief and the claimant is terminated. This  
17 subsection does not apply to shared work employers under chapter  
18 50.60 RCW; ((~~or~~))

19 (vi) Was hired to replace an employee who is a member of the  
20 military reserves or National Guard and was called to federal active  
21 military service by the president of the United States and is  
22 subsequently laid off when that employee is reemployed by their  
23 employer upon release from active duty within the time provided for  
24 reemployment in RCW 73.16.035; or

25 (vii) Worked for an employer for forty weeks or less, and was  
26 laid off at the end of temporary employment when that individual  
27 temporarily replaced a permanent employee receiving family and  
28 medical leave insurance benefits under chapter 49.86 RCW, and the  
29 layoff is due to the return of that permanent employee. This  
30 subsection applies to claims with an effective date on or after July  
31 7, 2019.

32 (b) The employer requesting relief of charges under this  
33 subsection must request relief in writing within thirty days  
34 following mailing to the last known address of the notification of  
35 the valid initial determination of such claim, stating the date and  
36 reason for the separation or the circumstances of continued  
37 employment. The commissioner, upon investigation of the request,  
38 shall determine whether relief should be granted.

39 (5) When a benefit claim becomes invalid due to an amendment or  
40 adjustment of a report where the employer failed to report or

1 inaccurately reported hours worked or remuneration paid, or both, all  
2 benefits paid will be charged to the experience rating account of the  
3 contribution paying employer or employers that originally filed the  
4 incomplete or inaccurate report or reports. An employer who  
5 reimburses the trust fund for benefits paid to workers and who fails  
6 to report or inaccurately reported hours worked or remuneration paid,  
7 or both, shall reimburse the trust fund for all benefits paid that  
8 are based on the originally filed incomplete or inaccurate report or  
9 reports.

10 (6) An employer's experience rating account may not be relieved  
11 of charges for a benefit payment and an employer who reimburses the  
12 trust fund for benefit payments may not be credited for a benefit  
13 payment if a benefit payment was made because the employer or  
14 employer's agent failed to respond timely or adequately to a written  
15 request of the department for information relating to the claim or  
16 claims without establishing good cause for the failure and the  
17 employer or employer's agent has a pattern of such failures. The  
18 commissioner has the authority to determine whether the employer has  
19 good cause under this subsection.

20 (a) For the purposes of this subsection, "adequately" means  
21 providing accurate information of sufficient quantity and quality  
22 that would allow a reasonable person to determine eligibility for  
23 benefits.

24 (b)(i) For the purposes of this subsection, "pattern" means a  
25 benefit payment was made because the employer or employer's agent  
26 failed to respond timely or adequately to a written request of the  
27 department for information relating to a claim or claims without  
28 establishing good cause for the failure, if the greater of the  
29 following calculations for an employer is met:

- 30 (A) At least three times in the previous two years; or  
31 (B) Twenty percent of the total current claims against the  
32 employer.

33 (ii) If an employer's agent is utilized, a pattern is established  
34 based on each individual client employer that the employer's agent  
35 represents.

36 **Sec. 25.** RCW 34.05.328 and 2011 c 298 s 21 and 2011 c 149 s 1  
37 are each reenacted and amended to read as follows:

38 (1) Before adopting a rule described in subsection (5) of this  
39 section, an agency must:

1 (a) Clearly state in detail the general goals and specific  
2 objectives of the statute that the rule implements;

3 (b) Determine that the rule is needed to achieve the general  
4 goals and specific objectives stated under (a) of this subsection,  
5 and analyze alternatives to rule making and the consequences of not  
6 adopting the rule;

7 (c) Provide notification in the notice of proposed rule making  
8 under RCW 34.05.320 that a preliminary cost-benefit analysis is  
9 available. The preliminary cost-benefit analysis must fulfill the  
10 requirements of the cost-benefit analysis under (d) of this  
11 subsection. If the agency files a supplemental notice under RCW  
12 34.05.340, the supplemental notice must include notification that a  
13 revised preliminary cost-benefit analysis is available. A final cost-  
14 benefit analysis must be available when the rule is adopted under RCW  
15 34.05.360;

16 (d) Determine that the probable benefits of the rule are greater  
17 than its probable costs, taking into account both the qualitative and  
18 quantitative benefits and costs and the specific directives of the  
19 statute being implemented;

20 (e) Determine, after considering alternative versions of the rule  
21 and the analysis required under (b), (c), and (d) of this subsection,  
22 that the rule being adopted is the least burdensome alternative for  
23 those required to comply with it that will achieve the general goals  
24 and specific objectives stated under (a) of this subsection;

25 (f) Determine that the rule does not require those to whom it  
26 applies to take an action that violates requirements of another  
27 federal or state law;

28 (g) Determine that the rule does not impose more stringent  
29 performance requirements on private entities than on public entities  
30 unless required to do so by federal or state law;

31 (h) Determine if the rule differs from any federal regulation or  
32 statute applicable to the same activity or subject matter and, if so,  
33 determine that the difference is justified by the following:

34 (i) A state statute that explicitly allows the agency to differ  
35 from federal standards; or

36 (ii) Substantial evidence that the difference is necessary to  
37 achieve the general goals and specific objectives stated under (a) of  
38 this subsection; and

1 (i) Coordinate the rule, to the maximum extent practicable, with  
2 other federal, state, and local laws applicable to the same activity  
3 or subject matter.

4 (2) In making its determinations pursuant to subsection (1)(b)  
5 through (h) of this section, the agency must place in the rule-making  
6 file documentation of sufficient quantity and quality so as to  
7 persuade a reasonable person that the determinations are justified.

8 (3) Before adopting rules described in subsection (5) of this  
9 section, an agency must place in the rule-making file a rule  
10 implementation plan for rules filed under each adopting order. The  
11 plan must describe how the agency intends to:

12 (a) Implement and enforce the rule, including a description of  
13 the resources the agency intends to use;

14 (b) Inform and educate affected persons about the rule;

15 (c) Promote and assist voluntary compliance; and

16 (d) Evaluate whether the rule achieves the purpose for which it  
17 was adopted, including, to the maximum extent practicable, the use of  
18 interim milestones to assess progress and the use of objectively  
19 measurable outcomes.

20 (4) After adopting a rule described in subsection (5) of this  
21 section regulating the same activity or subject matter as another  
22 provision of federal or state law, an agency must do all of the  
23 following:

24 (a) Coordinate implementation and enforcement of the rule with  
25 the other federal and state entities regulating the same activity or  
26 subject matter by making every effort to do one or more of the  
27 following:

28 (i) Deferring to the other entity;

29 (ii) Designating a lead agency; or

30 (iii) Entering into an agreement with the other entities  
31 specifying how the agency and entities will coordinate implementation  
32 and enforcement.

33 If the agency is unable to comply with this subsection (4)(a),  
34 the agency must report to the legislature pursuant to (b) of this  
35 subsection;

36 (b) Report to the joint administrative rules review committee:

37 (i) The existence of any overlap or duplication of other federal  
38 or state laws, any differences from federal law, and any known  
39 overlap, duplication, or conflict with local laws; and

1 (ii) Make recommendations for any legislation that may be  
2 necessary to eliminate or mitigate any adverse effects of such  
3 overlap, duplication, or difference.

4 (5)(a) Except as provided in (b) of this subsection, this section  
5 applies to:

6 (i) Significant legislative rules of the departments of ecology,  
7 labor and industries, health, revenue, social and health services,  
8 and natural resources, the employment security department, the forest  
9 practices board, the office of the insurance commissioner, and to the  
10 legislative rules of the department of fish and wildlife implementing  
11 chapter 77.55 RCW; and

12 (ii) Any rule of any agency, if this section is voluntarily made  
13 applicable to the rule by the agency, or is made applicable to the  
14 rule by a majority vote of the joint administrative rules review  
15 committee within forty-five days of receiving the notice of proposed  
16 rule making under RCW 34.05.320.

17 (b) This section does not apply to:

18 (i) Emergency rules adopted under RCW 34.05.350;

19 (ii) Rules relating only to internal governmental operations that  
20 are not subject to violation by a nongovernment party;

21 (iii) Rules adopting or incorporating by reference without  
22 material change federal statutes or regulations, Washington state  
23 statutes, rules of other Washington state agencies, shoreline master  
24 programs other than those programs governing shorelines of statewide  
25 significance, or, as referenced by Washington state law, national  
26 consensus codes that generally establish industry standards, if the  
27 material adopted or incorporated regulates the same subject matter  
28 and conduct as the adopting or incorporating rule;

29 (iv) Rules that only correct typographical errors, make address  
30 or name changes, or clarify language of a rule without changing its  
31 effect;

32 (v) Rules the content of which is explicitly and specifically  
33 dictated by statute;

34 (vi) Rules that set or adjust fees under the authority of RCW  
35 19.02.075 or that set or adjust fees or rates pursuant to legislative  
36 standards, including fees set or adjusted under the authority of RCW  
37 19.80.045;

38 (vii) Rules of the department of social and health services  
39 relating only to client medical or financial eligibility and rules  
40 concerning liability for care of dependents; ((~~or~~))



1 (viii) Rules of the department of revenue that adopt a uniform  
2 expiration date for reseller permits as authorized in RCW 82.32.780  
3 and 82.32.783; or

4 (ix) Rules of the employment security department to implement RCW  
5 49.86.060(1) or section 13(3) of this act.

6 (c) For purposes of this subsection:

7 (i) A "procedural rule" is a rule that adopts, amends, or repeals  
8 (A) any procedure, practice, or requirement relating to any agency  
9 hearings; (B) any filing or related process requirement for making  
10 application to an agency for a license or permit; or (C) any policy  
11 statement pertaining to the consistent internal operations of an  
12 agency.

13 (ii) An "interpretive rule" is a rule, the violation of which  
14 does not subject a person to a penalty or sanction, that sets forth  
15 the agency's interpretation of statutory provisions it administers.

16 (iii) A "significant legislative rule" is a rule other than a  
17 procedural or interpretive rule that (A) adopts substantive  
18 provisions of law pursuant to delegated legislative authority, the  
19 violation of which subjects a violator of such rule to a penalty or  
20 sanction; (B) establishes, alters, or revokes any qualification or  
21 standard for the issuance, suspension, or revocation of a license or  
22 permit; or (C) adopts a new, or makes significant amendments to, a  
23 policy or regulatory program.

24 (d) In the notice of proposed rule making under RCW 34.05.320, an  
25 agency must state whether this section applies to the proposed rule  
26 pursuant to (a)(i) of this subsection, or if the agency will apply  
27 this section voluntarily.

28 (6) By January 31, 1996, and by January 31st of each even-  
29 numbered year thereafter, the office of regulatory assistance, after  
30 consulting with state agencies, counties, and cities, and business,  
31 labor, and environmental organizations, must report to the governor  
32 and the legislature regarding the effects of this section on the  
33 regulatory system in this state. The report must document:

34 (a) The rules proposed to which this section applied and to the  
35 extent possible, how compliance with this section affected the  
36 substance of the rule, if any, that the agency ultimately adopted;

37 (b) The costs incurred by state agencies in complying with this  
38 section;

1 (c) Any legal action maintained based upon the alleged failure of  
2 any agency to comply with this section, the costs to the state of  
3 such action, and the result;

4 (d) The extent to which this section has adversely affected the  
5 capacity of agencies to fulfill their legislatively prescribed  
6 mission;

7 (e) The extent to which this section has improved the  
8 acceptability of state rules to those regulated; and

9 (f) Any other information considered by the office of financial  
10 management to be useful in evaluating the effect of this section.

11 NEW SECTION. **Sec. 26.** RCW 49.86.100 (Employment by same  
12 employer) and 2007 c 357 s 12 are each repealed.

13 NEW SECTION. **Sec. 27.** If any provision of this act or its  
14 application to any person or circumstance is held invalid, the  
15 remainder of the act or the application of the provision to other  
16 persons or circumstances is not affected.

17 NEW SECTION. **Sec. 28.** If any part of this act is found to be in  
18 conflict with federal requirements that are a prescribed condition to  
19 the allocation of federal funds to the state or the eligibility of  
20 employers in this state for federal unemployment tax credits, the  
21 conflicting part of this act is inoperative solely to the extent of  
22 the conflict, and the finding or determination does not affect the  
23 operation of the remainder of this act. Rules adopted under this act  
24 must meet federal requirements that are a necessary condition to the  
25 receipt of federal funds by the state or the granting of federal  
26 unemployment tax credits to employers in this state.

27 NEW SECTION. **Sec. 29.** Section 20 of this act is necessary for  
28 the immediate preservation of the public peace, health, or safety, or  
29 support of the state government and its existing public institutions,  
30 and takes effect immediately.

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