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**HOUSE BILL 1597**

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**State of Washington 67th Legislature 2022 Regular Session**

**By** Representatives Abbarno, Boehnke, Corry, Chase, Graham, Klippert, Stokesbary, Eslick, Chambers, and Young

AN ACT Relating to establishing an exemption from the payment of premiums to the long-term services and supports trust program based on hardship; amending RCW 50B.04.080; and adding a new section to chapter 50B.04 RCW.

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

**Sec.**  RCW 50B.04.080 and 2020 c 98 s 4 are each amended to read as follows:

(1) ((~~Beginning~~)) Unless otherwise exempted pursuant to this chapter, beginning January 1, 2022, the employment security department shall assess for each individual in employment with an employer a premium based on the amount of the individual's wages. The initial premium rate is fifty-eight hundredths of one percent of the individual's wages. Beginning January 1, 2024, and biennially thereafter, the premium rate shall be set by the pension funding council at a rate no greater than fifty-eight hundredths of one percent. In addition, the pension funding council must set the premium rate at the lowest amount necessary to maintain the actuarial solvency of the long-term services and supports trust account created in RCW 50B.04.100 in accordance with recognized insurance principles and designed to attempt to limit fluctuations in the premium rate. To facilitate the premium rate setting the office of the state actuary must perform a biennial actuarial audit and valuation of the fund and make recommendations to the pension funding council.

(2)(a) The employer must collect from the employees the premiums provided under this section through payroll deductions and remit the amounts collected to the employment security department.

(b) In collecting employee premiums through payroll deductions, the employer shall act as the agent of the employees and shall remit the amounts to the employment security department as required by this chapter.

(3) Nothing in this chapter requires any party to a collective bargaining agreement in existence on October 19, 2017, to reopen negotiations of the agreement or to apply any of the responsibilities under this chapter unless and until the existing agreement is reopened or renegotiated by the parties or expires.

(4)(a) Premiums shall be collected in the manner and at such intervals as provided in this chapter and directed by the employment security department.

(b) To the extent feasible, the employment security department shall use the premium assessment, collection, and reporting procedures in Title 50A RCW.

(5) The employment security department shall deposit all premiums collected in this section in the long-term services and supports trust account created in RCW 50B.04.100.

(6) Premiums collected in this section are placed in the trust account for the individuals who become eligible for the program.

(7) If the premiums established in this section are increased, the legislature shall notify each qualified individual by mail that the person's premiums have been increased, describe the reason for increasing the premiums, and describe the plan for restoring the funds so that premiums are returned to fifty-eight hundredths of one percent of the individual's wages.

NEW SECTION. **Sec.**  A new section is added to chapter 50B.04 RCW to read as follows:

(1) Beginning January 1, 2023, the employment security department shall accept and approve applications for exemptions from the premium assessment under RCW 50B.04.080 for those individuals who meet the criteria for an exemption based upon hardship, as provided in this section.

(2) An individual may demonstrate hardship by establishing that the income of the individual's household does not exceed 300 percent of the federal poverty guidelines, as adjusted for family size, as determined annually by the department of health and human services. The commission may recommend other circumstances that constitute hardship for the employment security department to consider. The employment security department may establish standards for any additional exemption based upon hardship upon recommendation by the commission.

(3) The employment security department shall determine standards and time periods for renewing an exemption based on hardship. The renewal period may not be less than two years.

(4) An individual with an exemption based upon hardship may, at any time, cancel the exemption and resume payment of the premium assessment under RCW 50B.04.080. The employment security department may reduce the number of benefit units that an individual who obtains an exemption based upon hardship may receive. The employment security department must develop a formula for determining the reduction of benefit units based upon the amount of time that a person held an exemption and the overall number of years that the person paid the premium under RCW 50B.04.080 prior to making an application for benefits.

(5) Approved exemptions will take effect on the first day of the quarter immediately following the approval of the exemption.

(6) Exempt employees are not entitled to a refund of any premium deductions made before the effective date of an approved exemption.

(7) An exempt employee must provide written notification to all employers with whom the employee is employed during the period of the exemption based on hardship.

(8) If an exempt employee fails to notify an employer of an exemption, the exempt employee is not entitled to a refund of any premium deductions made before notification is provided.

(9) Employers must not deduct premiums after being notified by an employee of an approved exemption issued under this section.

(a) Employers must retain written notifications of exemptions received from employees.

(b) An employer who deducts premiums after being notified by the employee of an exemption is solely responsible for refunding to the employee any premiums deducted after the notification.

(c) The employer is not entitled to a refund from the employment security department for any premiums remitted to the employment security department that were deducted from exempt employees.

(10) The employment security department must adopt rules necessary to implement and administer the activities specified in this section related to the program, including rules on the submission and processing of applications under this section.

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