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**SUBSTITUTE HOUSE BILL 1959**

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**State of Washington 68th Legislature 2024 Regular Session**

**By** House Labor & Workplace Standards (originally sponsored by Representatives Walen, Ryu, Berry, Ramel, Reed, Ormsby, Doglio, Fosse, Lekanoff, Tharinger, Riccelli, Wylie, Pollet, and Davis)

AN ACT Relating to extending certain requirements in the state paid family and medical leave program to employers with fewer than 50 employees; amending RCW 50A.10.030 and 50A.24.010; and providing an effective date.

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

**Sec.**  RCW 50A.10.030 and 2023 c 116 s 1 are each amended to read as follows:

(1) The department shall assess for each individual in employment with an employer and for each individual electing coverage a premium based on the amount of the individual's wages subject to subsection (4) of this section.

(2) The commissioner shall determine the percentage of paid claims related to family leave benefits and the percentage of paid claims related to medical leave benefits and set the family leave premium and the medical leave premium by applying the proportional share of paid claims for each type of leave to the total premium rate set in subsection ((~~(6)~~)) (5) of this section.

(3)(a) For family leave premiums, an employer may deduct from the wages of each employee up to the full amount of the premium required.

(b) For medical leave premiums, an employer may deduct from the wages of each employee up to 45 percent of the full amount of the premium required.

(c) An employer may elect to pay all or any portion of the employee's share of the premium for family leave or medical leave benefits, or both.

(4) The commissioner must annually set a maximum limit on the amount of wages that is subject to a premium assessment under this section that is equal to the maximum wages subject to taxation for social security as determined by the social security administration.

(5)(a) ((~~Employers with fewer than 50 employees employed in the state are not required to pay the employer portion of premiums for family and medical leave.~~

~~(b) If an employer with fewer than 50 employees elects to pay the premiums, the employer is then eligible for assistance under RCW 50A.24.010.~~

~~(6)(a)~~)) On or around October 20th of each year, the commissioner must calculate the total premium rate as follows:

(i) Calculate an amount that equals 140 percent of the prior fiscal year's expenses, including the total amount of benefits paid and the department's administrative costs;

(ii) Subtract the balance of the family and medical leave insurance account created in RCW 50A.05.070 as of September 30th from the amount determined in (a)(i) of this subsection ((~~(6)~~)) (5); and

(iii) Divide the difference in (a)(ii) of this subsection ((~~(6)~~)) (5) by the prior fiscal year's taxable wages. The quotient must be carried to the fourth decimal place and then rounded up to the nearest one hundredth of one percent.

(b) The commissioner must set the total premium rate at the rate calculated in (a) of this subsection ((~~(6)~~)) (5) subject to the following conditions:

(i) If the commissioner determines the total premium rate calculated in (a) of this subsection exceeds a rate necessary to maintain a three-month reserve at the end of the following rate collection year, the commissioner must set the total premium rate at the minimum rate necessary to close the rate collection year with a three-month reserve; and

(ii) The total premium rate must not exceed 1.20 percent.

(c) For the purposes of this subsection ((~~(6)~~)) (5):

(i) "Taxable wages" means the total amount of wages subject to a premium assessment under this section for all individuals in employment with an employer and all individuals electing coverage.

(ii) "Three-month reserve" means the average monthly expenses, including the total amount of benefits paid and the department's administrative costs, in the prior 12 calendar months from the date of the calculation in this subsection multiplied by three.

((~~(7)~~)) (6)(a) The employer must collect from the employees the premiums provided under this section through payroll deductions and remit the amounts collected to the 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 department as required by this title.

((~~(c) On September 30th of each year, the department shall average the number of employees reported by an employer over the last four completed calendar quarters to determine the size of the employer for the next calendar year for the purposes of this section and RCW 50A.24.010.~~

~~(8)~~)) (7) Premiums shall be collected in the manner and at such intervals as provided in this title and directed by the department.

((~~(9)~~)) (8) Premiums collected under this section are placed in trust for the employees and employers that the program is intended to assist.

((~~(10)~~)) (9) A city, code city, town, county, or political subdivision may not enact a charter, ordinance, regulation, rule, or resolution:

(a) Creating a paid family or medical leave insurance program that alters or amends the requirements of this title for any private employer;

(b) Providing for local enforcement of the provisions of this title; or

(c) Requiring private employers to supplement duration of leave or amount of wage replacement benefits provided under this title.

**Sec.**  RCW 50A.24.010 and 2019 c 13 s 36 are each amended to read as follows:

(1) The legislature recognizes that while family leave and medical leave benefit both employees and employers, there may be costs that disproportionately impact small businesses. To equitably balance the risks among employers, the legislature intends to assist small businesses with the costs of an employee's use of family or medical leave.

(2) Employers with ((~~one hundred fifty~~)) 150 or fewer employees ((~~and employers with fifty or fewer employees who are assessed all premiums under RCW 50A.10.030(5)(b)~~)) may apply to the department for a grant under this section.

(3)(a) An employer may receive a grant of ((~~three thousand dollars~~)) $3,000 if the employer hires a temporary worker to replace an employee on family or medical leave for a period of seven days or more.

(b) For an employee's family or medical leave, an employer may receive a grant of up to ((~~one thousand dollars~~)) $1,000 as reimbursement for significant additional wage-related costs due to the employee's leave.

(c) An employer may receive a grant under (a) or (b) of this subsection, but not both, except that an employer who received a grant under (b) of this subsection may receive a grant of the difference between the grant awarded under (b) of this subsection and ((~~three thousand dollars~~)) $3,000 if the employee on leave extended the leave beyond the leave initially planned and the employer hired a temporary worker for the employee on leave.

(4) An employer may apply for a grant no more than ((~~ten~~)) 10 times per calendar year and no more than once for each employee on leave.

(5) To be eligible for a grant, the employer must provide the department written documentation showing the temporary worker hired or significant wage-related costs incurred are due to an employee's use of family or medical leave.

(6) ((~~The department must assess an employer with fewer than fifty employees who receives a grant under this section for all premiums for three years from the date of receipt of a grant.~~

~~(7)~~)) The grants under this section shall be funded from the family and medical leave insurance account.

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

((~~(9)~~)) (8) For the purposes of determining eligibility for grants under this section, on September 30th of each year, the department shall average the number of employees ((~~must be calculated as provided in RCW 50A.10.030~~)) reported by an employer over the last four completed calendar quarters to determine the size of the employer for the next calendar year.

((~~(10)~~)) (9) An employer who has an approved voluntary plan is not eligible to receive a grant under this section.

NEW SECTION. **Sec.**  This act takes effect January 1, 2025.

**--- END ---**