

SENATE BILL REPORT

SB 5191

As Reported by Senate Committee On:
Labor & Commerce, January 24, 2025

Title: An act relating to paid family leave premium collection for dockworkers.

Brief Description: Concerning paid family leave premium collection for dockworkers. [

Revised for 1st Substitute: Concerning paid family and medical leave premium collection for dockworkers.]

Sponsors: Senators Conway, Chapman, Cleveland, Nobles and Stanford.

Brief History:

Committee Activity: Labor & Commerce: 1/17/25, 1/24/25 [DPS, DNP].

Brief Summary of First Substitute Bill

- Provides that representatives for employers of dockworkers who normally work for several employers in the same industry interchangeably through a collective bargaining agreement are included in the definition of employer for the purposes of paid family and medical leave.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: That Substitute Senate Bill No. 5191 be substituted therefor, and the substitute bill do pass.

Signed by Senators Saldaña, Chair; Conway, Vice Chair; King, Ranking Member; Alvarado, Braun, MacEwen, Ramos and Stanford.

Minority Report: Do not pass.

Signed by Senator Schoesler.

Staff: Susan Jones (786-7404)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background: Paid Family and Medical Leave Program—General. The Paid Family and Medical Leave program (PFML) provides partial wage replacement to employees on leave for specified family and medical reasons. The program is funded through premiums paid by employers and employees. The program is administered by the Employment Security Department (ESD).

Premiums. Premiums are assessed quarterly and remitted to ESD in conjunction with employer reporting in the month following the end of each quarter. Premiums are paid on wages up to the maximum wages subject to tax for social security (social security cap).

The 2025 total PFML premium rate is 0.92 percent. Premiums are split between family leave and medical leave based on the percentage of paid claims for each type of claim. For 2025, the family premium is 48.22 percent and the medical premium is 51.78 percent of the total premium. Employers may withhold from employees up to 100 percent of the family leave premium and up to 45 percent of the medical leave premium. For 2025, this would allocate 71.52 percent of the premiums to employees and 28.48 percent of the premium to employers. Small employers—employers with 49 or fewer employees—are generally exempt from paying the employer portion of the premium.

Employer Definition. Employer means any individual or organizations, including partnerships, limited liability companies, or corporations, having any person in employment, the state, state institutions, state agencies, and local governments. Employer does not include the United States of America.

Eligibility and Benefits. Employees are eligible for benefits under PFML after working at least 820 hours in a qualifying period. A qualifying period is the first four of the last five full calendar quarters, or the last four full calendar quarters. The program generally allows for up to 12 weeks of paid family leave or paid medical leave for eligible workers, and under certain circumstances, up to 16 to 18 weeks of combined family and medical leave. Benefits are paid after a seven-day waiting period.

Benefits depend on the amount of the employee's average weekly wage and may provide up to 90 percent of the employee's weekly pay for each week of leave. The 2025 maximum weekly PFML benefit is \$1,542 and the minimum is \$100.

Social Security. Employers and employees each pay a federal social security tax of 6.2 percent on wages up to the social security cap. For 2025, the social security cap is \$176,100. When an individual has more than one job in a year, each employer must withhold social security taxes from the wages. This applies no matter what other employers have already withheld. When this happens, the total social security taxes withheld could exceed the maximum limit. When the individual files a tax return the following year, the individual can claim a refund from the Internal Revenue Service for social security taxes withheld that exceeded the maximum amount.

Summary of Bill (First Substitute): Representatives for employers of dockworkers who normally work for several employers in the same industry interchangeably through a collective bargaining agreement are included in the definition of employer for the purposes of paid family and medical leave. Employer representatives are not obligated to report dockworkers who are not covered by a collective bargaining agreement, except their own employees.

EFFECT OF CHANGES MADE BY LABOR & COMMERCE COMMITTEE (First Substitute):

- Modifies the title to relating to paid family and medical leave premium collection for dockworkers.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: There is a multiple employer bargaining unit payer for dockworkers on the West Coast. This is a unique situation. The dockworkers have no single employer. The payer administers all payroll, rather than the separate employers. The payer pays the dockworkers a weekly check for all their pay. The bargaining unit payer is authorized by the IRS to act as single payer. Member dockworkers think the bargaining unit payer is their employer since that payer is listed on the paycheck. This is confusing when the worker is applying for PFML benefits.

The bill corrects issues with dockworkers working for up to 70-member employers. Dockworkers are charged multiple PFML premiums. This bill is the result of working with ESD over a two-year period. There are two reasons for the bill: (1) to prevent dockworkers from paying premiums on wages over the social security cap; and (2) to provide efficiencies.

Persons Testifying: PRO: Senator Steve Conway, Prime Sponsor; Cam Williams, International Longshore and Warehouse Union - Coast Longshore Division; Dan McKisson, ILWU WA Area District Council; Kristin Oliveira, Pacific Maritime Association.

Persons Signed In To Testify But Not Testifying: No one.