
SUBSTITUTE SENATE BILL 5626

State of Washington

69th Legislature

2025 Regular Session

By Senate Labor & Commerce (originally sponsored by Senators Saldaña, Lovelett, Valdez, Cortes, Alvarado, Orwall, Kauffman, Slatter, Dhingra, Frame, Hasegawa, Nobles, Stanford, and C. Wilson)

READ FIRST TIME 02/21/25.

1 AN ACT Relating to creating a wage replacement program for
2 certain Washington workers excluded from unemployment insurance;
3 amending RCW 50.29.041 and 50.24.014; reenacting and amending RCW
4 42.56.410 and 50.29.025; adding a new chapter to Title 50 RCW;
5 creating a new section; and prescribing penalties.

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

7 NEW SECTION. **Sec. 1.** The definitions in this section apply
8 throughout this chapter unless the context clearly requires
9 otherwise. In addition, the definitions in chapter 50.04 RCW apply,
10 except as otherwise provided in this section. To the extent such
11 definitions in chapter 50.04 RCW refer to "benefits" and "claimant,"
12 for the purposes of administering the wage replacement program in
13 this chapter those terms mean the same as "payments" and "applicant"
14 as defined in this section.

15 (1) "Applicant" means an individual applying for payments under
16 this chapter.

17 (2) "Department" means the employment security department.

18 (3)(a) "Employment" has the meaning provided in RCW 50.04.100,
19 subject to the provisions of RCW 50.04.110, 50.04.120 through
20 50.04.205, 50.04.210 through 50.04.280, and 50.44.040. The provisions

1 of RCW 50.04.206 do not apply to the definition of "employment" for
2 this chapter.

3 (b) "Employment" does not include service that is performed by a
4 nonresident for the period the nonresident is temporarily present in
5 the United States as a nonimmigrant under subparagraph (F), (H)(ii),
6 (H)(iii), or (J) of 8 U.S.C. Sec. 1101(a)(15) of the immigration and
7 nationality act, as amended as of the effective date of this section,
8 and that is performed to carry out the purpose specified in the
9 applicable subparagraph of the immigration and nationality act.

10 (4) "Payment" or "payments" means the amounts payable to an
11 applicant, as provided in this chapter with respect to the
12 applicant's unemployment.

13 (5) "Payment year" has the same meaning as "benefit year" under
14 RCW 50.04.030.

15 (6)(a) "Resident of the state of Washington" means an applicant
16 who takes actions indicating they intend to live in Washington state
17 on more than a temporary or transient basis throughout the duration
18 of receiving payments under this chapter. Under this chapter, an
19 applicant is a resident of the state of Washington if the applicant:

20 (i) Maintains a residence in Washington for personal use with a
21 utility bill showing their full name and Washington state address;

22 (ii) Lives in a motor home or vessel that is not permanently
23 attached to any real property if the applicant previously lived in
24 this state and does not have a permanent residence in any other
25 state;

26 (iii) Is attending school in this state and paying tuition as a
27 Washington resident, is a custodial parent with a child attending a
28 public school in this state, or has correspondence from a school in
29 this state showing their full name and Washington state address;

30 (iv) Has a Washington state identification card showing their
31 full name and Washington state address;

32 (v) Has a current library card issued in this state;

33 (vi) Has correspondence from a community or faith-based
34 organization in this state showing their full name and Washington
35 state address; or

36 (vii) Has a medical document showing their full name and
37 Washington state address.

38 (b) The actions and documentation outlined in this subsection (6)
39 are a nonexhaustive list, and the third-party administrator may adopt

1 additional methods by which an applicant may prove they are a
2 resident of the state of Washington.

3 (7) "Third-party administrator" means an entity with which the
4 department contracts to administer payments to eligible individuals
5 under this chapter.

6 (8) "Week of unemployment" means any week during which an
7 applicant, including a self-employed applicant:

8 (a) Performs no services and with respect to which no
9 remuneration is payable to the applicant; or

10 (b) Performs less than full-time work if the remuneration payable
11 to the applicant with respect to such week is less than one and one-
12 third times the individual's weekly payment amount plus \$5.00.

13 NEW SECTION. **Sec. 2.** The Washington wage replacement account is
14 created in the custody of the state treasurer. Revenues to the
15 account must consist of appropriations and transfers by the
16 legislature and all other funding directed for deposit into the
17 account. Expenditures from the account may be used only for providing
18 payments under this chapter to eligible and qualified applicants,
19 contracting with community-based organizations to notify individuals
20 who may be eligible for payments under this chapter, administration
21 of the advisory committee of this act, the department's
22 administrative costs, and third-party administrators under this
23 chapter. The account is subject to the allotment procedures under
24 chapter 43.88 RCW, but an appropriation is not required for
25 expenditures.

26 NEW SECTION. **Sec. 3.** (1) By July 1, 2026, the department shall
27 select a third-party administrator to administer and implement the
28 wage replacement program under this chapter.

29 (2) At a minimum, the third-party administrator must have
30 experience building and operating financial benefit systems that are
31 proven to be accessible and responsive to the target population and
32 demonstrated mechanisms to prevent disclosure of confidential or
33 private information. The department may adopt rules for selecting and
34 replacing the third-party administrator.

35 (3) Each quarter, to the extent allowed by the United States
36 department of labor, employment and training administration, the
37 department shall allocate the money in the wage replacement account
38 in section 2 of this act to one or more third-party administrators

1 for the purpose of providing payments to eligible and qualified
2 applicants and for contracting with community-based organizations to
3 notify individuals who may be eligible for this program.

4 (4) The third-party administrator selected under this section
5 shall, within one year after the contract is awarded after the
6 effective date of this section:

7 (a) Contract with one or more community-based organizations to
8 provide outreach to unemployed individuals who may be eligible for
9 payments under this chapter;

10 (b) Screen each applicant to determine if the applicant is
11 eligible for payments;

12 (c) Make payments to eligible applicants; and

13 (d) Establish internal administrative processes for receiving and
14 reviewing applications, making payments, and processing appeals
15 regarding payment denials, suspensions, or terminations.

16 NEW SECTION. **Sec. 4.** (1) The department must appoint an
17 advisory committee to review issues and topics of interest related to
18 this chapter.

19 (2) The committee is composed of 11 members:

20 (a) Three members representing immigrants' interests;

21 (b) Two members representing workers' interests in unemployment,
22 each of whom must be appointed from a list of names submitted by a
23 recognized statewide organization of employees;

24 (c) Two members representing employers' interests in
25 unemployment, each of whom must be appointed from a list of names
26 submitted by a recognized statewide organization of employers;

27 (d) Three ex officio members, without a vote, representing the
28 state commission on African American affairs, the state commission on
29 Hispanic affairs, and the state commission on Asian Pacific American
30 affairs; and

31 (e) One ex officio member, without a vote, representing the
32 department and who will serve as the chair.

33 (3) The advisory committee must provide comment on implementation
34 of this chapter, utilization of the program under this chapter,
35 selection and performance of the third-party administrator, and study
36 issues the advisory committee determines to require its
37 consideration.

38 (4) The members must serve without compensation but are eligible
39 for reimbursement of travel expenses as provided in RCW 43.03.050 and

1 43.03.060, and for stipends provided by the department under RCW
2 43.03.220. All expenses of the advisory committee must be paid by the
3 Washington wage replacement account in section 2 of this act.

4 (5) The department must comply with the requirements of RCW
5 43.18A.020 in making appointments provided in this section. The
6 department must provide the report required in RCW 43.18A.020.

7 NEW SECTION. **Sec. 5.** (1) Beginning January 1, 2027, a person
8 may apply for payments under this chapter by filing an application
9 with the third-party administrator. To be eligible for payments under
10 this chapter, the applicant must:

11 (a) Be ineligible for benefits under Title 50 RCW based solely on
12 not being authorized to work in the United States at the time the
13 work was performed or during the week for which the applicant is
14 seeking payments under this chapter;

15 (b) Be a resident of the state of Washington and have sufficient
16 photographic identification confirming their identity;

17 (c) Have worked 680 hours in employment in their base year;

18 (d) Be unemployed through no fault of their own; and

19 (e) Have been unemployed for a waiting period of one week.

20 (2) The third-party administrator shall request information and
21 documentation for verifying eligibility under this section. The
22 third-party administrator may request additional information and
23 documentation if the applicant's hours or wages are not verified by
24 employer reports provided by the applicant to the third-party
25 administrator. If, after the third-party administrator's request, the
26 applicant fails to provide sufficient information or documentation,
27 the applicant may be denied payments under this chapter.

28 (3) The third-party administrator may contract with a community-
29 based organization to assist applicants in gathering information or
30 documentation required under this section. The community-based
31 organization may not communicate with employers regarding applicant
32 eligibility.

33 (4) The third-party administrator must make the final decision on
34 whether the applicant is eligible for payments under this chapter.
35 The third-party administrator may utilize information or
36 documentation provided by the applicant or any third-party,
37 community-based organization contracted under this section.

1 NEW SECTION. **Sec. 6.** (1) If the third-party administrator
2 determines the applicant is eligible for payments under this chapter,
3 the applicant may qualify for weekly payments by self-attesting that
4 the applicant meets the following requirements for each week of
5 unemployment in which the applicant is applying for payments under
6 this chapter:

7 (a) The applicant must be actively seeking work in any trade,
8 occupation, profession, or business for which the applicant is
9 reasonably fitted; and

10 (b) The applicant must report to the third-party administrator
11 any wages or remuneration the applicant received.

12 (2) For the purposes of this section, "actively seeking work"
13 means participating in job search, educational, or professional
14 development activities.

15 (3) The third-party administrator may take reasonable steps to
16 confirm the applicant's job search, educational, or professional
17 development activities, and current unemployment status.

18 NEW SECTION. **Sec. 7.** (1) An applicant who is eligible and
19 qualified for payments under this chapter must receive a weekly
20 payment amount equal to the weekly benefit amount calculated in
21 accordance with RCW 50.20.120 by the third-party administrator,
22 subject to the availability of funds for this purpose and other
23 conditions established under this chapter.

24 (2) Payments are payable to an eligible and qualified applicant
25 during the applicant's payment year in a maximum amount equal to the
26 lesser of 26 times the weekly payment amount, as determined under
27 subsection (1) of this section, or one-third of the applicant's base
28 year wages.

29 NEW SECTION. **Sec. 8.** If waiting period credit or the payment of
30 amounts under this chapter are denied to any applicant for any week
31 or weeks, the applicant must be promptly issued written notice of the
32 denial and reasons for such denial by the third-party administrator.

33 NEW SECTION. **Sec. 9.** (1) An applicant is disqualified for
34 payments under this chapter:

35 (a) If the third-party administrator finds that the applicant:

1 (i) Left the applicant's most recent work voluntarily without
2 good cause, for which the third-party administrator may rely on the
3 permitted good cause circumstances under RCW 50.20.050(2);

4 (ii) Was discharged for misconduct or gross misconduct connected
5 with the applicant's most recent work; or

6 (iii) Knowingly made a false statement or representation
7 involving a material fact or knowingly failed to report a material
8 fact and, as a result, has obtained or attempted to obtain any
9 payments under this chapter; or

10 (b) For any week an applicant has received, is receiving, or will
11 receive compensation, under:

12 (i) Chapters 50.01 through 50.36 RCW;

13 (ii) Title 50A RCW;

14 (iii) RCW 51.32.060;

15 (iv) RCW 51.32.090; or

16 (v) Any other applicable federal unemployment compensation,
17 industrial insurance, or state disability insurance laws.

18 (2) Cessation of operations by an employer for the purpose of
19 granting vacations, whether by union contract or other reasons, must
20 not be construed to be a voluntary quit or a voluntary unemployment
21 on the part of the applicant.

22 NEW SECTION. **Sec. 10.** Payments under this chapter may only be
23 distributed to an eligible applicant if moneys are available for this
24 purpose in the funds distributed to the third-party administrator
25 from the Washington wage replacement account in section 2 of this
26 act.

27 NEW SECTION. **Sec. 11.** (1) If information provided to the
28 department or the third-party administrator by another governmental
29 agency is held private and confidential by state or federal laws,
30 neither the department nor the third-party administrator may release
31 such information.

32 (2) Information provided to the department or the third-party
33 administrator by another governmental entity conditioned upon the
34 privacy and confidentiality is to be held private and confidential
35 according to the agreement between the department or the third-party
36 administrator and other governmental entity.

1 NEW SECTION. **Sec. 12.** Any information or records concerning an
2 applicant or employing unit obtained by the department or the third-
3 party administrator pursuant to the administration of this chapter
4 must be private and confidential, except as otherwise provided in
5 this chapter. This chapter does not create a rule of evidence.
6 Information or records may only be released by the department or the
7 third-party administrator when the release is:

8 (1) To the person who is the subject of such records or an
9 authorized representative;

10 (2) Necessary to comply with a lawful court order, judicial
11 warrant signed by a judge appointed pursuant to Article III of the
12 United States Constitution, or judicial subpoena for specific records
13 issued pursuant to the criminal procedure law or the civil practice
14 law and rules; or

15 (3) Disclosed in a manner that could not be used to determine the
16 identities of the applicants or employers to whom the data pertains,
17 alone or in combination with other data.

18 NEW SECTION. **Sec. 13.** (1) In administering the program under
19 this chapter, the department and the third-party administrator are
20 prohibited from taking any of the following actions:

21 (a) Soliciting from the applicant, orally or in written form, an
22 applicant's nationality, race, ethnicity, or place of birth;

23 (b) Indicating in its records which documents the applicant used
24 to prove the applicant's age or identity;

25 (c) Compelling an applicant to admit in writing whether the
26 applicant has proof of lawful presence in the United States or to
27 explain why the applicant is ineligible for a social security number;

28 (d) Contacting an applicant's current, former, or prospective
29 employers, including, but not limited to, for the purposes of
30 verifying employment status for the program; and

31 (e) Soliciting or otherwise attempting to ascertain an
32 applicant's immigration or citizenship status, except as necessary
33 for the third-party administrator to determine whether an applicant
34 is excluded from benefits under Title 50 RCW and eligible for
35 payments under this chapter.

36 (2) The third-party administrator must destroy all records
37 containing information that were provided by an applicant or
38 collected by the department to verify eligibility for the program
39 within 15 days of an applicant no longer using the program.

1 (3) As provided in RCW 42.56.410, any information under this
2 chapter is not a public record and must not be disclosed or otherwise
3 made accessible in response to any request for records except:

4 (a) To the person who is the subject of such records or an
5 authorized representative;

6 (b) Where necessary to comply with a lawful court order, judicial
7 warrant signed by a judge appointed pursuant to Article III of the
8 United States Constitution, or judicial subpoena for individual
9 records issued pursuant to the criminal procedure law or the civil
10 practice law and rules; or

11 (c) If disclosed in a manner that could not be used to determine
12 the identities of the applicant or employers to whom the data
13 pertains, alone or in combination with other data.

14 (4) For the purposes of this section, whenever a lawful court
15 order, judicial warrant, or judicial subpoena for individual records
16 properly issued pursuant to the criminal procedure law or the civil
17 practice law and rules is presented to a court, only those records,
18 documents, and information specifically sought by such court order,
19 warrant, or subpoena may be disclosed.

20 (5) Notwithstanding any other law, information and records
21 containing information that are collected or obtained by the state,
22 any state agency, or any subdivision of the state, including agents
23 of the state universities and community colleges, in addition to any
24 private persons contracted to administer public services or programs,
25 must only be collected, used, and retained for the purpose of
26 assessing eligibility for and providing those public services and
27 programs created by this chapter.

28 (6) No information collected under this chapter may be used for
29 purposes of investigating, locating, or apprehending applicants for
30 immigration-related violations including, but not exclusive to,
31 queries or inquiries under 8 U.S.C. Secs. 1324, 1325, and 1326.

32 NEW SECTION. **Sec. 14.** The third-party administrator must create
33 a process by which applicants can notify the administrator of payment
34 errors and for collection and forgiveness of such overpayments.

35 NEW SECTION. **Sec. 15.** Any assignment, pledge, or encumbrance of
36 any right to payments under this chapter which are or may become due
37 or payable under this chapter must be void. Such rights to payments
38 under this chapter must be exempt from levy, execution, attachment,

1 or any other remedy whatsoever provided for the collection of debts.
2 Payments under this chapter received by any individual, so long as
3 they are not commingled with other funds of the recipient, must be
4 exempt from any remedy whatsoever for collection of all debts except
5 debts incurred for necessities furnished to such individual or their
6 spouse or dependents during the time when such individual was
7 unemployed. Any waiver of any exemption provided for in this section
8 must be void. Any agreement by an individual to waive, release, or
9 commute their rights to payments or any other rights under this
10 chapter must be void.

11 NEW SECTION. **Sec. 16.** The department may adopt rules as
12 necessary to implement this chapter.

13 NEW SECTION. **Sec. 17.** (1) Nothing in this title may be
14 construed to create:

- 15 (a) Any entitlement or right to services or payments; or
16 (b) A private right of action or claim on the part of any
17 individual or applicant against the department or the third-party
18 administrator.

19 (2) The legislature reserves the right to amend or repeal all or
20 any part of this chapter at any time; and there must be no vested
21 private right of any kind against such amendment or repeal. All the
22 rights, privileges or immunities conferred by this chapter or by acts
23 done pursuant thereto exist subject to the power of the legislature
24 to amend or repeal this chapter at any time.

25 **Sec. 18.** RCW 42.56.410 and 2019 c 81 s 10 and 2019 c 13 s 68 are
26 each reenacted and amended to read as follows:

27 The following information related to employment security is
28 exempt from disclosure under this chapter:

29 (1) Records maintained by the employment security department and
30 subject to chapter 50.13 or 50A.25 RCW if provided to another
31 individual or organization for operational, research, or evaluation
32 purposes (~~(are exempt from disclosure under this chapter)~~); ~~((and))~~

33 (2) Any inventory or data map records created under RCW
34 50.13.120(1)(b) that reveal the location of personal information or
35 the extent to which it is protected; and

36 (3) Any information or records maintained by the employment
37 security department or third-party administrator pursuant to chapter

1 50C.--- RCW (the new chapter created in section 22 of this act)
2 except:

3 (a) To the person who is the subject of such records or an
4 authorized representative;

5 (b) Where necessary to comply with a lawful court order, judicial
6 warrant signed by a judge appointed pursuant to Article III of the
7 United States Constitution, or judicial subpoena for individual
8 records issued pursuant to the criminal procedure law or the civil
9 practice law and rules; or

10 (c) If disclosed in a manner that could not be used to determine
11 the identities of the applicants or employers to whom the data
12 pertains, alone or in combination with other data.

13 **Sec. 19.** RCW 50.29.025 and 2022 c 61 s 1 and 2022 c 17 s 1 are
14 each reenacted and amended to read as follows:

15 (1) The contribution rate for each employer subject to
16 contributions under RCW 50.24.010 shall be the sum of the array
17 calculation factor rate and the graduated social cost factor rate
18 determined under this subsection (~~(, and the solvency surcharge~~
19 ~~determined under RCW 50.29.041, if any)~~).

20 (a) The array calculation factor rate shall be determined as
21 follows:

22 (i) An array shall be prepared, listing all qualified employers
23 in ascending order of their benefit ratios. The array shall show for
24 each qualified employer: (A) Identification number; (B) benefit
25 ratio; and (C) taxable payrolls for the four consecutive calendar
26 quarters immediately preceding the computation date and reported to
27 the employment security department by the cut-off date.

28 (ii) Each employer in the array shall be assigned to one of forty
29 rate classes according to his or her benefit ratio as follows, and,
30 except as provided in RCW 50.29.026, the array calculation factor
31 rate for each employer in the array shall be the rate specified in
32 the rate class to which the employer has been assigned:

Benefit Ratio		Rate	Rate
		Class	(percent)
At least	Less than		
	0.000001	1	0.00
0.000001	0.001250	2	0.11

1	0.001250	0.002500	3	0.22
2	0.002500	0.003750	4	0.33
3	0.003750	0.005000	5	0.43
4	0.005000	0.006250	6	0.54
5	0.006250	0.007500	7	0.65
6	0.007500	0.008750	8	0.76
7	0.008750	0.010000	9	0.88
8	0.010000	0.011250	10	1.01
9	0.011250	0.012500	11	1.14
10	0.012500	0.013750	12	1.28
11	0.013750	0.015000	13	1.41
12	0.015000	0.016250	14	1.54
13	0.016250	0.017500	15	1.67
14	0.017500	0.018750	16	1.80
15	0.018750	0.020000	17	1.94
16	0.020000	0.021250	18	2.07
17	0.021250	0.022500	19	2.20
18	0.022500	0.023750	20	2.38
19	0.023750	0.025000	21	2.50
20	0.025000	0.026250	22	2.63
21	0.026250	0.027500	23	2.75
22	0.027500	0.028750	24	2.88
23	0.028750	0.030000	25	3.00
24	0.030000	0.031250	26	3.13
25	0.031250	0.032500	27	3.25
26	0.032500	0.033750	28	3.38
27	0.033750	0.035000	29	3.50
28	0.035000	0.036250	30	3.63
29	0.036250	0.037500	31	3.75
30	0.037500	0.040000	32	4.00
31	0.040000	0.042500	33	4.25
32	0.042500	0.045000	34	4.50

1	0.045000	0.047500	35	4.75
2	0.047500	0.050000	36	5.00
3	0.050000	0.052500	37	5.15
4	0.052500	0.055000	38	5.25
5	0.055000	0.057500	39	5.30
6	0.057500		40	5.40

7 (b) The graduated social cost factor rate shall be determined as
8 follows:

9 (i) (A) Except as provided in (b) (i) (B) and (C) of this
10 subsection, the commissioner shall calculate the flat social cost
11 factor for a rate year by dividing the total social cost by the total
12 taxable payroll. The division shall be carried to the second decimal
13 place with the remaining fraction disregarded unless it amounts to
14 five hundredths or more, in which case the second decimal place shall
15 be rounded to the next higher digit. The flat social cost factor
16 shall be expressed as a percentage.

17 (B) (I) If, on the cut-off date, the balance in the unemployment
18 compensation fund is determined by the commissioner to be an amount
19 that will provide more than ten months of unemployment benefits, the
20 commissioner shall calculate the flat social cost factor for the rate
21 year immediately following the cut-off date by reducing the total
22 social cost by the dollar amount that represents the number of months
23 for which the balance in the unemployment compensation fund on the
24 cut-off date will provide benefits above ten months and dividing the
25 result by the total taxable payroll. However, the calculation under
26 this subsection (1) (b) (i) (B) for a rate year may not result in a flat
27 social cost factor that is more than four-tenths lower than the
28 calculation under (b) (i) (A) of this subsection for that rate year.
29 For rate year 2011 and thereafter, the calculation may not result in
30 a flat social cost factor that is more than one and twenty-two one-
31 hundredths percent except for rate year 2021 the calculation may not
32 result in a flat social cost factor that is more than five-tenths
33 percent, for rate year 2022 the calculation may not result in a flat
34 social cost factor that is more than five-tenths percent, for rate
35 year 2023 the calculation may not result in a flat social cost factor
36 that is more than seven-tenths percent, for rate year 2024 the
37 calculation may not result in a flat social cost factor that is more
38 than eighty-five one-hundredths percent, and for rate year 2025 the

1 calculation may not result in a flat social cost factor that is more
2 than nine-tenths percent.

3 (II) If, on the cut-off date, the balance in the unemployment
4 compensation fund is determined by the commissioner to be an amount
5 that will provide ten months of unemployment benefits or less, the
6 flat social cost factor for the rate year immediately following the
7 cut-off date may not increase by more than fifty percent over the
8 previous rate year or may not exceed one and twenty-two one-
9 hundredths percent, whichever is greater.

10 (III) For the purposes of this subsection (1)(b), the
11 commissioner shall determine the number of months of unemployment
12 benefits in the unemployment compensation fund using the benefit cost
13 rate for the average of the three highest calendar benefit cost rates
14 in the twenty consecutive completed calendar years immediately
15 preceding the cut-off date or a period of consecutive calendar years
16 immediately preceding the cut-off date that includes three
17 recessions, if longer.

18 (C) The minimum flat social cost factor calculated under this
19 subsection (1)(b) shall be six-tenths of one percent, except that if
20 the balance in the unemployment compensation fund is determined by
21 the commissioner to be an amount that will provide:

22 (I) At least ten months but less than eleven months of
23 unemployment benefits, the minimum shall be five-tenths of one
24 percent; or

25 (II) At least eleven months but less than twelve months of
26 unemployment benefits, the minimum shall be forty-five hundredths of
27 one percent; or

28 (III) At least twelve months but less than thirteen months of
29 unemployment benefits, the minimum shall be four-tenths of one
30 percent; or

31 (IV) At least thirteen months but less than fifteen months of
32 unemployment benefits, the minimum shall be thirty-five hundredths of
33 one percent; or

34 (V) At least fifteen months but less than seventeen months of
35 unemployment benefits, the minimum shall be twenty-five hundredths of
36 one percent; or

37 (VI) At least seventeen months but less than eighteen months of
38 unemployment benefits, the minimum shall be fifteen hundredths of one
39 percent; or

1 (VII) At least eighteen months of unemployment benefits, the
2 minimum shall be fifteen hundredths of one percent through rate year
3 2011 and shall be zero thereafter.

4 (ii) The graduated social cost factor rate for each employer in
5 the array is the flat social cost factor multiplied by the percentage
6 specified as follows for the rate class to which the employer has
7 been assigned in (a) (ii) of this subsection, except that the sum of
8 an employer's array calculation factor rate and the graduated social
9 cost factor rate may not exceed six percent or, for employers whose
10 North American industry classification system code is within "111,"
11 "112," "1141," "115," "3114," "3117," "42448," or "49312," may not
12 exceed five and four-tenths percent:

13 (A) Rate class 1 - 40 percent;

14 (B) Rate class 2 - 44 percent;

15 (C) Rate class 3 - 48 percent;

16 (D) Rate class 4 - 52 percent;

17 (E) Rate class 5 - 56 percent;

18 (F) Rate class 6 - 60 percent;

19 (G) Rate class 7 - 64 percent;

20 (H) Rate class 8 - 68 percent;

21 (I) Rate class 9 - 72 percent;

22 (J) Rate class 10 - 76 percent;

23 (K) Rate class 11 - 80 percent;

24 (L) Rate class 12 - 84 percent;

25 (M) Rate class 13 - 88 percent;

26 (N) Rate class 14 - 92 percent;

27 (O) Rate class 15 - 96 percent;

28 (P) Rate class 16 - 100 percent;

29 (Q) Rate class 17 - 104 percent;

30 (R) Rate class 18 - 108 percent;

31 (S) Rate class 19 - 112 percent;

32 (T) Rate class 20 - 116 percent; and

33 (U) Rate classes 21 through 40 - 120 percent.

34 (iii) For rate year 2023, for any employer with 10 or fewer
35 employees as reported on the employer's fourth quarter report to the
36 department for 2021 and whose rate class is greater than rate class
37 7, the employer's rate class, only for purposes of the rate classes
38 in (b) (ii) (A) through (U) of this subsection (1), is rate class 7.

39 (iv) For the purposes of this section:

1 (A) "Total social cost" means the amount calculated by
2 subtracting the array calculation factor contributions paid by all
3 employers with respect to the four consecutive calendar quarters
4 immediately preceding the computation date and paid to the employment
5 security department by the cut-off date from the total unemployment
6 benefits paid to claimants in the same four consecutive calendar
7 quarters.

8 (B) "Total taxable payroll" means the total amount of wages
9 subject to tax, as determined under RCW 50.24.010, for all employers
10 in the four consecutive calendar quarters immediately preceding the
11 computation date and reported to the employment security department
12 by the cut-off date.

13 (c) For employers who do not meet the definition of "qualified
14 employer" by reason of failure to pay contributions when due:

15 (i)(A) For an employer who does not enter into an approved
16 agency-deferred payment contract as described in (c)(i)(B) or (C) of
17 this subsection, the array calculation factor rate shall be the rate
18 it would have been if the employer had not been delinquent in payment
19 plus an additional one percent or, if the employer is delinquent in
20 payment for a second or more consecutive year, an additional two
21 percent;

22 (B) For an employer who enters an approved agency-deferred
23 payment contract by September 30th of the previous rate year, the
24 array calculation factor rate shall be the rate it would have been if
25 the employer had not been delinquent in payment;

26 (C) For an employer who enters an approved agency-deferred
27 payment contract after September 30th of the previous rate year, but
28 within thirty days of the date the department sent its first tax rate
29 notice, the array calculation factor rate shall be the rate it would
30 have been had the employer not been delinquent in payment plus an
31 additional one-half of one percent or, if the employer is delinquent
32 in payment for a second or more consecutive year, an additional one
33 and one-half percent;

34 (D) For an employer who enters an approved agency-deferred
35 payment contract as described in (c)(i)(B) or (C) of this subsection,
36 but who fails to make any one of the succeeding deferred payments or
37 fails to submit any succeeding tax report and payment in a timely
38 manner, the array calculation factor rate shall immediately revert to
39 the applicable array calculation factor rate under (c)(i)(A) of this
40 subsection; and

1 (ii) The social cost factor rate shall be the social cost factor
2 rate assigned to rate class 40 under (b) (ii) of this subsection.

3 (d) For all other employers not qualified to be in the array:

4 (i) The array calculation factor rate shall be a rate equal to
5 the average industry array calculation factor rate as determined by
6 the commissioner, multiplied by the history factor, but not less than
7 one percent or more than the array calculation factor rate in rate
8 class 40;

9 (ii) The social cost factor rate shall be a rate equal to the
10 average industry social cost factor rate as determined by the
11 commissioner, multiplied by the history factor, but not more than the
12 social cost factor rate assigned to rate class 40 under (b) (ii) of
13 this subsection; and

14 (iii) The history factor shall be based on the total amounts of
15 benefits charged and contributions paid in the three fiscal years
16 ending prior to the computation date by employers not qualified to be
17 in the array, other than employers in (c) of this subsection, who
18 were first subject to contributions in the calendar year ending three
19 years prior to the computation date. The commissioner shall calculate
20 the history ratio by dividing the total amount of benefits charged by
21 the total amount of contributions paid in this three-year period by
22 these employers. The division shall be carried to the second decimal
23 place with the remaining fraction disregarded unless it amounts to
24 five one-hundredths or more, in which case the second decimal place
25 shall be rounded to the next higher digit. The commissioner shall
26 determine the history factor according to the history ratio as
27 follows:

	History		History
	Ratio		Factor
			(percent)

	At least	Less than	
--	----------	-----------	--

(A)		.95	90
(B)	.95	1.05	100
(C)	1.05		115

35 (2) Assignment of employers by the commissioner to industrial
36 classification, for purposes of this section, shall be in accordance
37 with established classification practices found in the North American
38 industry classification system code.

1 **Sec. 20.** RCW 50.29.041 and 2021 c 2 s 19 are each amended to
2 read as follows:

3 ~~(1)~~ Except for ~~((contributions assessed for))~~ rate years 2021,
4 2022, 2023, 2024, and 2025, ~~((the contribution rate of))~~ each
5 employer subject to contributions under RCW 50.24.010 shall
6 ~~((include))~~ pay a solvency surcharge determined as follows:

7 ~~((1))~~ (a) This section shall apply to employers~~((-l~~
8 ~~contributions))~~ for a rate year immediately following a cut-off date
9 only if, on the cut-off date, the balance in the unemployment
10 compensation fund is determined by the commissioner to be an amount
11 that will provide fewer than seven months of unemployment benefits.

12 ~~((2))~~ (b) The solvency surcharge shall be the lowest rate
13 necessary, as determined by the commissioner, but not more than two-
14 tenths of one percent, to provide revenue during the applicable rate
15 year that will fund unemployment benefits for the number of months
16 that is the difference between nine months and the number of months
17 for which the balance in the unemployment compensation fund on the
18 cut-off date will provide benefits.

19 ~~((3))~~ (c) The basis for determining the number of months of
20 unemployment benefits shall be the same basis used in RCW
21 50.29.025(1)(b)(i)(B).

22 (d) Funds collected under this subsection (1) shall be deposited
23 into the unemployment compensation fund.

24 (2) Each employer subject to contributions under RCW 50.24.010
25 shall pay a wage replacement program surcharge determined as follows:

26 (a) For rate years 2026 and 2027, the rate shall be one one-
27 hundredths of one percent;

28 (b) For rate years beginning in 2028 and thereafter, the
29 commissioner shall determine the wage replacement program surcharge
30 at the lowest rate necessary to provide revenue during the applicable
31 rate year that will fund administration and payments of the program
32 in chapter 50C.--- RCW (the new chapter created in section 22 of this
33 act); however, the total combined rate of (b) of this subsection (2)
34 and the rate provided in RCW 50.24.014(1)(a) may not exceed eight
35 one-hundredths of one percent;

36 (c) Funds collected under this subsection (2) must be deposited
37 into the Washington wage replacement account created in section 2 of
38 this act.

1 **Sec. 21.** RCW 50.24.014 and 2023 c 475 s 934 are each amended to
2 read as follows:

3 (1)(a) A separate and identifiable account to provide for the
4 financing of special programs to assist the unemployed is established
5 in the administrative contingency fund. All money in this account
6 shall be expended solely for the purposes of this title and for no
7 other purposes whatsoever, except as provided in subsection (4) of
8 this section. Contributions to this account shall accrue and become
9 payable by each employer, except employers as described in RCW
10 50.44.010 and 50.44.030 who have properly elected to make payments in
11 lieu of contributions, taxable local government employers as
12 described in RCW 50.44.035, and those employers who are required to
13 make payments in lieu of contributions, at a basic rate of (~~two~~)
14 one one-hundredths of one percent. The amount of wages subject to tax
15 shall be determined under RCW 50.24.010.

16 (b) A separate and identifiable account is established in the
17 administrative contingency fund for financing the employment security
18 department's administrative costs under RCW 50.22.150 and 50.22.155
19 and the costs under RCW 50.22.150(11) and 50.22.155 (1)(m) and
20 (2)(m). All money in this account shall be expended solely for the
21 purposes of this title and for no other purposes whatsoever.
22 Contributions to this account shall accrue and become payable by each
23 employer, except employers as described in RCW 50.44.010 and
24 50.44.030 who have properly elected to make payments in lieu of
25 contributions, taxable local government employers as described in RCW
26 50.44.035, those employers who are required to make payments in lieu
27 of contributions, those employers described under RCW
28 50.29.025(1)(d), and those qualified employers assigned rate class 20
29 or rate class 40, as applicable, under RCW 50.29.025, at a basic rate
30 of one one-hundredth of one percent. The amount of wages subject to
31 tax shall be determined under RCW 50.24.010. Any amount of
32 contributions payable under this subsection (1)(b) that exceeds the
33 amount that would have been collected at a rate of four one-
34 thousandths of one percent must be deposited in the account created
35 in (a) of this subsection.

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

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

5 (3) If the commissioner determines that federal funding has been
6 increased to provide financing for the services specified in chapter
7 50.62 RCW, the commissioner shall direct that collection of
8 contributions under this section be terminated on the following
9 January 1st.

10 (4) During the 2023-2025 fiscal biennium, moneys in the account
11 in subsection (1)(a) of this section may be appropriated for poverty
12 reduction programs that coordinate employment, training, education,
13 and other existing systems designed to assist low-income individuals
14 attain self-sufficiency.

15 NEW SECTION. **Sec. 22.** Sections 1 through 17 of this act
16 constitute a new chapter in a new title to be codified as Title 50C
17 RCW.

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

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