
SUBSTITUTE SENATE BILL 5874

State of Washington

69th Legislature

2026 Regular Session

By Senate Labor & Commerce (originally sponsored by Senator MacEwen)

READ FIRST TIME 01/26/26.

1 AN ACT Relating to employers' information reporting for purposes
2 of unemployment compensation; and amending RCW 50.12.220.

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

4 **Sec. 1.** RCW 50.12.220 and 2020 c 334 s 3 are each amended to
5 read as follows:

6 (1) If an employer fails to file a timely report as required by
7 RCW 50.12.070, or the rules adopted pursuant thereto, the employer is
8 subject to a penalty of (~~twenty-five dollars~~) \$25 per violation,
9 unless the penalty is waived by the commissioner or subsection (2)(c)
10 (ii) of this section applies.

11 (2) An employer who files an incomplete or incorrectly formatted
12 tax and wage report as required by RCW 50.12.070 must receive a
13 warning letter for the first occurrence. The warning letter will
14 provide instructions for accurate reporting or notify the employer
15 how to obtain technical assistance from the department. Except as
16 provided in subsections (3) and (4) of this section, for subsequent
17 occurrences within five years of the last occurrence, the employer is
18 subject to a penalty as follows:

19 (a) When no contributions are due: For the second occurrence, the
20 penalty is (~~seventy-five dollars~~) \$75; for the third occurrence,
21 the penalty is (~~one hundred fifty dollars~~) \$150; and for the fourth

1 occurrence and for each occurrence thereafter, the penalty is ((~~two~~
2 ~~hundred fifty dollars~~)) \$250.

3 (b) When contributions are due: For the second occurrence, the
4 penalty is ((~~ten~~)) 10 percent of the quarterly contributions due, but
5 not less than ((~~seventy-five dollars~~)) \$75 and not more than ((~~two~~
6 ~~hundred fifty dollars~~)) \$250; for the third occurrence, the penalty
7 is ((~~ten~~)) 10 percent of the quarterly contributions due, but not
8 less than ((~~one hundred fifty dollars~~)) \$150 and not more than ((~~two~~
9 ~~hundred fifty dollars~~)) \$250; and for the fourth occurrence and each
10 occurrence thereafter, the penalty is ((~~two hundred fifty dollars~~))
11 \$250.

12 (c)(i) The commissioner may waive penalties for minor or
13 insignificant reporting errors. For purposes of this section, "minor
14 or insignificant reporting errors" includes, but is not limited to,
15 inadvertent errors caused by the failure of any electronic software
16 to properly produce a tax and wage report with the standard
17 occupational classification or job title of each worker.

18 (ii) An employer whose tax and wage report is incomplete due to a
19 failure to report the standard occupational classification or job
20 title of each worker must pay an incomplete report penalty under this
21 subsection only if the employer knowingly failed to report the
22 standard occupational classification or job title of each worker.

23 (3) If an employer knowingly misrepresents to the employment
24 security department the amount of his or her payroll upon which
25 contributions under this title are based, the employer shall be
26 liable to the state for up to ((~~ten~~)) 10 times the amount of the
27 difference in contributions paid, if any, and the amount the employer
28 should have paid and for the reasonable expenses of auditing his or
29 her books and collecting such sums. Such liability may be enforced in
30 the name of the department.

31 (4) If contributions are not paid on the date on which they are
32 due and payable as prescribed by the commissioner, there shall be
33 assessed a penalty of five percent of the amount of the contributions
34 for the first month or part thereof of delinquency; there shall be
35 assessed a total penalty of ((~~ten~~)) 10 percent of the amount of the
36 contributions for the second month or part thereof of delinquency;
37 and there shall be assessed a total penalty of ((~~twenty~~)) 20 percent
38 of the amount of the contributions for the third month or part
39 thereof of delinquency. No penalty so added shall be less than ((~~ten~~

1 ~~dollars~~) \$10. These penalties are in addition to the interest
2 charges assessed under RCW 50.24.040.

3 (5) Penalties shall not accrue on contributions from an estate in
4 the hands of a receiver, executor, administrator, trustee in
5 bankruptcy, common law assignee, or other liquidating officer
6 subsequent to the date when such receiver, executor, administrator,
7 trustee in bankruptcy, common law assignee, or other liquidating
8 officer qualifies as such, but contributions accruing with respect to
9 employment of persons by a receiver, executor, administrator, trustee
10 in bankruptcy, common law assignee, or other liquidating officer
11 shall become due and shall be subject to penalties in the same manner
12 as contributions due from other employers.

13 (6) Where adequate information has been furnished to the
14 department and the department has failed to act or has advised the
15 employer of no liability or inability to decide the issue, penalties
16 shall be waived by the commissioner. Penalties may also be waived for
17 good cause if the commissioner determines that the failure to file
18 timely, complete, and correctly formatted reports or pay timely
19 contributions was not due to the employer's fault.

20 (7) Any decision to assess a penalty as provided by this section
21 shall be made by the chief administrative officer of the tax branch
22 or his or her designee.

23 (8) Nothing in this section shall be construed to deny an
24 employer the right to appeal the assessment of any penalty. Such
25 appeal shall be made in the manner provided in RCW 50.32.030.

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