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**SUBSTITUTE SENATE BILL 6885**

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**State of Washington**

**59th Legislature**

**2006 Regular Session**

**By** Senate Committee on Labor, Commerce, Research & Development  
(originally sponsored by Senators Kohl-Welles, McAuliffe, Thibaudeau,  
Keiser and Fairley)

READ FIRST TIME 02/06/06.

1 AN ACT Relating to unemployment insurance; amending RCW 50.20.120,  
2 50.24.010, 50.29.025, 50.29.041, 50.16.030, and 50.29.021; creating new  
3 sections; repealing 2005 c 133 s 10 (uncodified); and declaring an  
4 emergency.

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

6 **Sec. 1.** RCW 50.20.120 and 2005 c 133 s 3 are each amended to read  
7 as follows:

8 (1)(a) Subject to the other provisions of this title, benefits  
9 shall be payable to any eligible individual during the individual's  
10 benefit year in a maximum amount equal to the lesser of thirty times  
11 the weekly benefit amount, as determined in subsection (2) of this  
12 section, or one-third of the individual's base year wages under this  
13 title: PROVIDED, That as to any week which falls in an extended  
14 benefit period as defined in RCW 50.22.010(1), an individual's  
15 eligibility for maximum benefits in excess of twenty-six times his or  
16 her weekly benefit amount will be subject to the terms and conditions  
17 set forth in RCW 50.22.020.

18 (b) With respect to claims that have an effective date on or after  
19 the first Sunday of the calendar month immediately following the month

1 in which the commissioner finds that the state unemployment rate is six  
2 and eight-tenths percent or less, benefits shall be payable to any  
3 eligible individual during the individual's benefit year in a maximum  
4 amount equal to the lesser of twenty-six times the weekly benefit  
5 amount, as determined in subsection (2) of this section, or one-third  
6 of the individual's base year wages under this title.

7 (2)(a) For claims with an effective date before January 4, 2004, an  
8 individual's weekly benefit amount shall be an amount equal to one  
9 twenty-fifth of the average quarterly wages of the individual's total  
10 wages during the two quarters of the individual's base year in which  
11 such total wages were highest.

12 (b) With respect to claims with an effective date on or after  
13 January 4, 2004, and before January 2, 2005, an individual's weekly  
14 benefit amount shall be an amount equal to one twenty-fifth of the  
15 average quarterly wages of the individual's total wages during the  
16 three quarters of the individual's base year in which such total wages  
17 were highest.

18 (c)(i) With respect to claims with an effective date on or after  
19 January 2, 2005, except as provided in (c)(ii) of this subsection, an  
20 individual's weekly benefit amount shall be an amount equal to one  
21 percent of the total wages paid in the individual's base year.

22 (ii) With respect to claims with an effective date on or after the  
23 first Sunday following April 22, 2005, (~~and before July 1, 2007,~~) an  
24 individual's weekly benefit amount shall be an amount equal to three  
25 and eighty-five one-hundredths percent of the average quarterly wages  
26 of the individual's total wages during the two quarters of the  
27 individual's base year in which such total wages were highest.

28 (3) The maximum and minimum amounts payable weekly shall be  
29 determined as of each June 30th to apply to benefit years beginning in  
30 the twelve-month period immediately following such June 30th.

31 (a)(i) With respect to claims that have an effective date before  
32 January 4, 2004, the maximum amount payable weekly shall be seventy  
33 percent of the "average weekly wage" for the calendar year preceding  
34 such June 30th.

35 (ii) With respect to claims that have an effective date on or after  
36 January 4, 2004, the maximum amount payable weekly shall be either four  
37 hundred ninety-six dollars or sixty-three percent of the "average

1 weekly wage" for the calendar year preceding such June 30th, whichever  
2 is greater.

3 (b) The minimum amount payable weekly shall be fifteen percent of  
4 the "average weekly wage" for the calendar year preceding such June  
5 30th.

6 (4) If any weekly benefit, maximum benefit, or minimum benefit  
7 amount computed herein is not a multiple of one dollar, it shall be  
8 reduced to the next lower multiple of one dollar.

9 **Sec. 2.** RCW 50.24.010 and 2000 c 2 s 2 are each amended to read as  
10 follows:

11 (1) Contributions shall accrue and become payable by each employer  
12 (except employers as described in RCW 50.44.010 who have properly  
13 elected to make payments in lieu of contributions and those employers  
14 who are required to make payments in lieu of contributions) for each  
15 calendar year in which the employer is subject to this title at the  
16 rate established pursuant to chapter 50.29 RCW.

17 (2) In each rate year, the amount of wages subject to tax for each  
18 individual shall be one hundred fifteen percent of the amount of wages  
19 subject to tax for the previous year rounded to the next lower one  
20 hundred dollars, except that:

21 (a) Through rate year 2006, the amount of wages subject to tax in  
22 any rate year shall not exceed eighty percent of the "average annual  
23 wage for contributions purposes" for the second preceding calendar year  
24 rounded to the next lower one hundred dollars. ~~((However, the amount  
25 subject to tax shall be twenty four thousand three hundred dollars for  
26 rate year 2000.))~~

27 (b) For rate year 2007 and thereafter, the amount of wages subject  
28 to tax in any rate year shall not exceed seventy-five percent of the  
29 "average annual wage for contributions purposes" for the second  
30 preceding calendar year rounded to the next lower one hundred dollars.

31 (3) In making computations under this section and RCW 50.29.010,  
32 wages paid based on services for employers making payments in lieu of  
33 contributions shall not be considered remuneration. Moneys paid from  
34 the fund, based on services performed for employers who make payments  
35 in lieu of contributions, which have not been reimbursed to the fund as  
36 of any June 30 shall be deemed an asset of the unemployment  
37 compensation fund, to the extent that such moneys exceed the amount of

1 payments in lieu of contributions which the commissioner has previously  
2 determined to be uncollectible: PROVIDED, FURTHER, That the amount  
3 attributable to employment with the state shall also include interest  
4 as provided for in RCW 50.44.020.

5 (4)(a) Contributions shall become due and be paid by each employer  
6 to the treasurer for the unemployment compensation fund in accordance  
7 with such regulations as the commissioner may prescribe, and shall not  
8 be deducted, in whole or in part, from the remuneration of individuals  
9 in employment of the employer. Any deduction in violation of the  
10 provisions of this section shall be unlawful.

11 (b) In the payment of any contributions, a fractional part of a  
12 cent shall be disregarded unless it amounts to one-half cent or more,  
13 in which case it shall be increased to one cent.

14 **Sec. 3.** RCW 50.29.025 and 2005 c 133 s 5 are each amended to read  
15 as follows:

16 (1) Except as provided in subsection (2) of this section, the  
17 contribution rate for each employer subject to contributions under RCW  
18 50.24.010 shall be determined under this subsection.

19 (a) A fund balance ratio shall be determined by dividing the  
20 balance in the unemployment compensation fund as of the September 30th  
21 immediately preceding the rate year by the total remuneration paid by  
22 all employers subject to contributions during the second calendar year  
23 preceding the rate year and reported to the department by the following  
24 March 31st. The division shall be carried to the fourth decimal place  
25 with the remaining fraction, if any, disregarded. The fund balance  
26 ratio shall be expressed as a percentage.

27 (b) The interval of the fund balance ratio, expressed as a  
28 percentage, shall determine which tax schedule in (e) of this  
29 subsection shall be in effect for assigning tax rates for the rate  
30 year. The intervals for determining the effective tax schedule shall  
31 be:

32	Interval of the	
33	Fund Balance Ratio	Effective
34	Expressed as a Percentage	Tax Schedule
35	2.90 and above	AA

1	2.10 to 2.89	A
2	1.70 to 2.09	B
3	1.40 to 1.69	C
4	1.00 to 1.39	D
5	0.70 to 0.99	E
6	Less than 0.70	F

7 (c) An array shall be prepared, listing all qualified employers in  
8 ascending order of their benefit ratios. The array shall show for each  
9 qualified employer: (i) Identification number; (ii) benefit ratio;  
10 (iii) taxable payrolls for the four calendar quarters immediately  
11 preceding the computation date and reported to the department by the  
12 cut-off date; (iv) a cumulative total of taxable payrolls consisting of  
13 the employer's taxable payroll plus the taxable payrolls of all other  
14 employers preceding him or her in the array; and (v) the percentage  
15 equivalent of the cumulative total of taxable payrolls.

16 (d) Each employer in the array shall be assigned to one of twenty  
17 rate classes according to the percentage intervals of cumulative  
18 taxable payrolls set forth in (e) of this subsection: PROVIDED, That  
19 if an employer's taxable payroll falls within two or more rate classes,  
20 the employer and any other employer with the same benefit ratio shall  
21 be assigned to the lowest rate class which includes any portion of the  
22 employer's taxable payroll.

23 (e) Except as provided in RCW 50.29.026, the contribution rate for  
24 each employer in the array shall be the rate specified in the following  
25 tables for the rate class to which he or she has been assigned, as  
26 determined under (d) of this subsection, within the tax schedule which  
27 is to be in effect during the rate year:

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Percent of		Schedules of Contributions Rates							
Cumulative		for Effective Tax Schedule							
Taxable Payrolls									
Rate									
From	To Class	AA	A	B	C	D	E	F	
0.00	5.00	1	0.47	0.47	0.57	0.97	1.47	1.87	2.47
5.01	10.00	2	0.47	0.47	0.77	1.17	1.67	2.07	2.67

1	10.01	15.00	3	0.57	0.57	0.97	1.37	1.77	2.27	2.87
2	15.01	20.00	4	0.57	0.73	1.11	1.51	1.90	2.40	2.98
3	20.01	25.00	5	0.72	0.92	1.30	1.70	2.09	2.59	3.08
4	25.01	30.00	6	0.91	1.11	1.49	1.89	2.29	2.69	3.18
5	30.01	35.00	7	1.00	1.29	1.69	2.08	2.48	2.88	3.27
6	35.01	40.00	8	1.19	1.48	1.88	2.27	2.67	3.07	3.47
7	40.01	45.00	9	1.37	1.67	2.07	2.47	2.87	3.27	3.66
8	45.01	50.00	10	1.56	1.86	2.26	2.66	3.06	3.46	3.86
9	50.01	55.00	11	1.84	2.14	2.45	2.85	3.25	3.66	3.95
10	55.01	60.00	12	2.03	2.33	2.64	3.04	3.44	3.85	4.15
11	60.01	65.00	13	2.22	2.52	2.83	3.23	3.64	4.04	4.34
12	65.01	70.00	14	2.40	2.71	3.02	3.43	3.83	4.24	4.54
13	70.01	75.00	15	2.68	2.90	3.21	3.62	4.02	4.43	4.63
14	75.01	80.00	16	2.87	3.09	3.42	3.81	4.22	4.53	4.73
15	80.01	85.00	17	3.27	3.47	3.77	4.17	4.57	4.87	4.97
16	85.01	90.00	18	3.67	3.87	4.17	4.57	4.87	4.97	5.17
17	90.01	95.00	19	4.07	4.27	4.57	4.97	5.07	5.17	5.37
18	95.01	100.00	20	5.40	5.40	5.40	5.40	5.40	5.40	5.40

19 (f) The contribution rate for each employer not qualified to be in  
20 the array shall be as follows:

21 (i) Employers who do not meet the definition of "qualified  
22 employer" by reason of failure to pay contributions when due shall be  
23 assigned a contribution rate two-tenths higher than that in rate class  
24 20 for the applicable rate year, except employers who have an approved  
25 agency-deferred payment contract by September 30 of the previous rate  
26 year. If any employer with an approved agency-deferred payment  
27 contract fails to make any one of the succeeding deferred payments or  
28 fails to submit any succeeding tax report and payment in a timely  
29 manner, the employer's tax rate shall immediately revert to a  
30 contribution rate two-tenths higher than that in rate class 20 for the  
31 applicable rate year; and

32 (ii) For all other employers not qualified to be in the array, the  
33 contribution rate shall be a rate equal to the average industry rate as  
34 determined by the commissioner; however, the rate may not be less than  
35 one percent.

36 (2) Beginning with contributions assessed for rate year 2005, the  
37 contribution rate for each employer subject to contributions under RCW  
38 50.24.010 shall be the sum of the array calculation factor rate and the  
39 graduated social cost factor rate determined under this subsection, and  
40 the solvency surcharge determined under RCW 50.29.041, if any.

1 (a) The array calculation factor rate shall be determined as  
2 follows:

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

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

	Benefit Ratio		Rate	Rate
	At least	Less than	Class	(percent)
14		0.000001	1	0.00
15				
16		0.000001	2	0.13
17	0.000001	0.001250		
18	0.001250	0.002500	3	0.25
19	0.002500	0.003750	4	0.38
20	0.003750	0.005000	5	0.50
21	0.005000	0.006250	6	0.63
22	0.006250	0.007500	7	0.75
23	0.007500	0.008750	8	0.88
24	0.008750	0.010000	9	1.00
25	0.010000	0.011250	10	1.15
26	0.011250	0.012500	11	1.30
27	0.012500	0.013750	12	1.45
28	0.013750	0.015000	13	1.60
29	0.015000	0.016250	14	1.75
30	0.016250	0.017500	15	1.90
31	0.017500	0.018750	16	2.05
32	0.018750	0.020000	17	2.20
33	0.020000	0.021250	18	2.35
34	0.021250	0.022500	19	2.50
35	0.022500	0.023750	20	2.65
36	0.023750	0.025000	21	2.80

1	0.025000	0.026250	22	2.95
2	0.026250	0.027500	23	3.10
3	0.027500	0.028750	24	3.25
4	0.028750	0.030000	25	3.40
5	0.030000	0.031250	26	3.55
6	0.031250	0.032500	27	3.70
7	0.032500	0.033750	28	3.85
8	0.033750	0.035000	29	4.00
9	0.035000	0.036250	30	4.15
10	0.036250	0.037500	31	4.30
11	0.037500	0.040000	32	4.45
12	0.040000	0.042500	33	4.60
13	0.042500	0.045000	34	4.75
14	0.045000	0.047500	35	4.90
15	0.047500	0.050000	36	5.05
16	0.050000	0.052500	37	5.20
17	0.052500	0.055000	38	5.30
18	0.055000	0.057500	39	5.35
19	0.057500		40	5.40

20 (b) The graduated social cost factor rate shall be determined as  
21 follows:

22 (i)(A) Except as provided in (b)(i)(B)((~~7~~)) and (C)((~~7~~ and (~~D~~))) of  
23 this subsection, the commissioner shall calculate the flat social cost  
24 factor for a rate year by dividing the total social cost by the total  
25 taxable payroll. The division shall be carried to the second decimal  
26 place with the remaining fraction disregarded unless it amounts to five  
27 hundredths or more, in which case the second decimal place shall be  
28 rounded to the next higher digit. The flat social cost factor shall be  
29 expressed as a percentage.

30 (B) If, on the cut-off date, the balance in the unemployment  
31 compensation fund is determined by the commissioner to be an amount  
32 that will provide more than ((~~ten~~)) the months of unemployment benefits  
33 specified as follows, the commissioner shall calculate the flat social  
34 cost factor for the rate year immediately following the cut-off date  
35 by:

36 (I) If more than ten months but less than twelve months, reducing  
37 the total social cost by the dollar amount that represents the number  
38 of months for which the balance in the unemployment compensation fund



1 on the cut-off date will provide benefits above ten months and dividing  
2 the result by the total taxable payroll. However, the calculation  
3 under this subsection (2)(b)(i)(B)(I) for a rate year may not result in  
4 a flat social cost factor that is more than two-tenths lower than the  
5 calculation under (b)(i)(A) of this subsection for that rate year.

6 (II) If at least twelve months but less than fourteen months,  
7 reducing the total social cost by the dollar amount that represents the  
8 number of months for which the balance in the unemployment compensation  
9 fund on the cut-off date will provide benefits above twelve months and  
10 dividing the result by the total taxable payroll. However, the  
11 calculation under this subsection (2)(b)(i)(B)(II) for a rate year may  
12 not result in a flat social cost factor that is more than three-tenths  
13 lower than the calculation under (b)(i)(A) of this subsection for that  
14 rate year.

15 (III) If fourteen months or more, reducing the total social cost by  
16 the dollar amount that represents the number of months for which the  
17 balance in the unemployment compensation fund on the cut-off date will  
18 provide benefits above fourteen months and dividing the result by the  
19 total taxable payroll. However, the calculation under this subsection  
20 (2)(b)(i)(B)(III) for a rate year may not result in a flat social cost  
21 factor that is more than four-tenths lower than the calculation under  
22 (b)(i)(A) of this subsection for that rate year.

23 For the purposes of this subsection, the commissioner shall  
24 determine the number of months of unemployment benefits in the  
25 unemployment compensation fund using the benefit cost rate for the  
26 average of the three highest calendar benefit cost rates in the twenty  
27 consecutive completed calendar years immediately preceding the cut-off  
28 date or a period of consecutive calendar years immediately preceding  
29 the cut-off date that includes three recessions, if longer.

30 (C) The minimum flat social cost factor calculated under this  
31 subsection (2)(b) shall be six-tenths of one percent, except that if  
32 the flat social cost factor is calculated:

33 (I) Under (b)(i)(B)(II) of this subsection, the minimum shall be  
34 fifty-five one-hundredths of one percent; or

35 (II) Under (b)(i)(B)(III) of this subsection, the minimum shall be  
36 five-tenths of one percent.

37 ~~((D) With respect to rate year 2007, the flat social cost factor~~  
38 ~~shall be the lesser of:~~

1 ~~(I) The flat social cost factor determined under (b)(i)(A) through~~  
2 ~~(C) of this subsection; or~~

3 ~~(II) The flat social cost factor that would be determined under~~  
4 ~~(b)(i)(A) through (C) of this subsection if RCW 50.20.120(2)(c)(i) had~~  
5 ~~been in effect during the immediately preceding rate year.)~~

6 (ii)(A) Except as provided in (b)(ii)(B) of this subsection, the  
7 graduated social cost factor rate for each employer in the array is the  
8 flat social cost factor multiplied by the percentage specified as  
9 follows for the rate class to which the employer has been assigned in  
10 (a)(ii) of this subsection, except that the sum of an employer's array  
11 calculation factor rate and the graduated social cost factor rate may  
12 not exceed six and five-tenths percent or, for employers whose North  
13 American industry classification system code is within "111," "112,"  
14 "1141," "115," "3114," "3117," or "42448," may not exceed six percent  
15 through rate year 2006 and may not exceed five and seven-tenths percent  
16 for rate year 2007 and thereafter:

17 (I) Rate class 1 - 78 percent;

18 (II) Rate class 2 - 82 percent;

19 (III) Rate class 3 - 86 percent;

20 (IV) Rate class 4 - 90 percent;

21 (V) Rate class 5 - 94 percent;

22 (VI) Rate class 6 - 98 percent;

23 (VII) Rate class 7 - 102 percent;

24 (VIII) Rate class 8 - 106 percent;

25 (IX) Rate class 9 - 110 percent;

26 (X) Rate class 10 - 114 percent;

27 (XI) Rate class 11 - 118 percent; and

28 (XII) Rate classes 12 through 40 - 120 percent.

29 (B) For contributions assessed beginning July 1, 2005, through June  
30 30, ~~((2007))~~ 2006, for employers whose North American industry  
31 classification system code is "111," "112," "1141," "115," "3114,"  
32 "3117," "42448," or "49312," the graduated social cost factor rate is  
33 zero.

34 (iii) For the purposes of this section:

35 (A) "Total social cost" means((+)

36 ~~(I) Except as provided in (b)(iii)(A)(II) of this subsection,~~) the  
37 amount calculated by subtracting the array calculation factor  
38 contributions paid by all employers with respect to the ~~((four))~~

1 sixteen consecutive calendar quarters immediately preceding the  
2 computation date and paid to the employment security department by the  
3 cut-off date from the total unemployment benefits paid to claimants in  
4 the same (~~four~~) sixteen consecutive calendar quarters. To calculate  
5 the flat social cost factor for rate year 2005, the commissioner shall  
6 calculate the total social cost using the array calculation factor  
7 contributions that would have been required to be paid by all employers  
8 in the calculation period if (a) of this subsection had been in effect  
9 for the relevant period.

10 ~~((II) For rate year 2007, the amount calculated under  
11 (b)(iii)(A)(I) of this subsection reduced by the amount of benefits  
12 charged that exceed the contributions paid in the four consecutive  
13 calendar quarters immediately preceding the applicable computation date  
14 because, as applicable, specified employers are subject to the social  
15 cost contributions under (b)(ii)(B) of this subsection, and/or because  
16 the social cost factor contributions are paid under (b)(i)(D)(II) of  
17 this subsection.))~~

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

23 (c) The array calculation factor rate for each employer not  
24 qualified to be in the array shall be as follows:

25 (i) Employers who do not meet the definition of "qualified  
26 employer" by reason of failure to pay contributions when due shall be  
27 assigned an array calculation factor rate two-tenths higher than that  
28 in rate class 40, except employers who have an approved agency-deferred  
29 payment contract by September 30th of the previous rate year. If any  
30 employer with an approved agency-deferred payment contract fails to  
31 make any one of the succeeding deferred payments or fails to submit any  
32 succeeding tax report and payment in a timely manner, the employer's  
33 tax rate shall immediately revert to an array calculation factor rate  
34 two-tenths higher than that in rate class 40; and

35 (ii) For all other employers not qualified to be in the array, the  
36 array calculation factor rate shall be a rate equal to the average  
37 industry array calculation factor rate as determined by the

1 commissioner, plus fifteen percent of that amount; however, the rate  
2 may not be less than one percent or more than the array calculation  
3 factor rate in rate class 40.

4 (d) The graduated social cost factor rate for each employer not  
5 qualified to be in the array shall be as follows:

6 (i) For employers whose array calculation factor rate is determined  
7 under (c)(i) of this subsection, the social cost factor rate shall be  
8 the social cost factor rate assigned to rate class 40 under (b)(ii) of  
9 this subsection.

10 (ii) For employers whose array calculation factor rate is  
11 determined under (c)(ii) of this subsection, the social cost factor  
12 rate shall be a rate equal to the average industry social cost factor  
13 rate as determined by the commissioner, plus fifteen percent of that  
14 amount, but not more than the social cost factor rate assigned to rate  
15 class 40 under (b)(ii) of this subsection.

16 (3) Assignment of employers by the commissioner to industrial  
17 classification, for purposes of this section, shall be in accordance  
18 with established classification practices found in the "Standard  
19 Industrial Classification Manual" issued by the federal office of  
20 management and budget to the third digit provided in the standard  
21 industrial classification code, or in the North American industry  
22 classification system code.

23 **Sec. 4.** RCW 50.29.041 and 2003 2nd sp.s. c 4 s 16 are each amended  
24 to read as follows:

25 Beginning with contributions assessed for rate year 2005, the  
26 contribution rate of each employer subject to contributions under RCW  
27 50.24.010 shall include a solvency surcharge determined as follows:

28 (1) This section shall apply to employers' contributions for a rate  
29 year immediately following a cut-off date only if, on the cut-off date,  
30 the balance in the unemployment compensation fund is determined by the  
31 commissioner to be an amount that will provide fewer than (~~six~~) eight  
32 months of unemployment benefits.

33 (2) The solvency surcharge shall be the lowest rate necessary, as  
34 determined by the commissioner, but not more than two-tenths of one  
35 percent, to provide revenue during the applicable rate year that will  
36 fund unemployment benefits for the number of months that is the

1 difference between ((eight)) ten months and the number of months for  
2 which the balance in the unemployment compensation fund on the cut-off  
3 date will provide benefits.

4 (3) The basis for determining the number of months of unemployment  
5 benefits shall be the same basis used in RCW 50.29.025(2)(b)(i)(B).

6 **Sec. 5.** RCW 50.16.030 and 2005 c 133 s 6 are each amended to read  
7 as follows:

8 (1)(a) Except as provided in (b) ((and-(c))) of this subsection,  
9 moneys shall be requisitioned from this state's account in the  
10 unemployment trust fund solely for the payment of benefits and  
11 repayment of loans from the federal government to guarantee solvency of  
12 the unemployment compensation fund in accordance with regulations  
13 prescribed by the commissioner, except that money credited to this  
14 state's account pursuant to section 903 of the social security act, as  
15 amended, shall be used exclusively as provided in RCW 50.16.030(5).  
16 The commissioner shall from time to time requisition from the  
17 unemployment trust fund such amounts, not exceeding the amounts  
18 standing to its account therein, as he or she deems necessary for the  
19 payment of benefits for a reasonable future period. Upon receipt  
20 thereof the treasurer shall deposit such moneys in the benefit account  
21 and shall issue his or her warrants for the payment of benefits solely  
22 from such benefits account.

23 (b) Moneys for the payment of regular benefits as defined in RCW  
24 50.22.010 shall be requisitioned during fiscal year((s)) 2006 ((and  
25 2007)) in the following order:

26 (i) First, from the moneys credited to this state's account in the  
27 unemployment trust fund pursuant to section 903 of the social security  
28 act, as amended in section 209 of the temporary extended unemployment  
29 compensation act of 2002 (42 U.S.C. Sec. 1103(d)), the amount equal to  
30 the amount of benefits charged that exceed the contributions paid in  
31 the four consecutive calendar quarters ending on June 30, 2006, ((for  
32 the fiscal year 2006 calculation, and ending on June 30, 2007, for the  
33 fiscal year 2007 calculation,)) because the social cost factor  
34 contributions that employers are subject to under RCW  
35 50.29.025(2)(b)(ii)(B) are less than the social cost factor  
36 contributions that these employers would have been subject to if RCW  
37 50.29.025(2)(b)(ii)(A) had applied to these employers; and

1 (ii) Second, after the requisitioning required under (b)(i) of this  
2 subsection ((in the respective fiscal year)), from all other moneys  
3 credited to this state's account in the unemployment trust fund.

4 ((c) After the requisitioning required under (b) of this  
5 subsection, if applicable, moneys for the payment of regular benefits  
6 as defined in RCW 50.22.010 shall be requisitioned during calendar year  
7 2007 in the following order:

8 (i) First, from the moneys credited to this state's account in the  
9 unemployment trust fund pursuant to section 903 of the social security  
10 act, as amended in section 209 of the temporary extended unemployment  
11 compensation act of 2002 (42 U.S.C. Sec. 1103(d)), the amount equal to  
12 the amount of benefits paid under RCW 50.20.120(2)(c)(ii) beginning on  
13 the first Sunday following April 22, 2005, and ending on June 30, 2007,  
14 that exceed the amount of benefits that would have been paid if the  
15 weekly benefit amount had been determined as one percent of the total  
16 wages paid in the individual's base year; and

17 (ii) Second, after the requisitioning required under (c)(i) of this  
18 subsection in the respective calendar year, from all other moneys  
19 credited to this state's account in the unemployment trust fund.)

20 (2) Expenditures of such moneys in the benefit account and refunds  
21 from the clearing account shall not be subject to any provisions of law  
22 requiring specific appropriations or other formal release by state  
23 officers of money in their custody, and RCW 43.01.050, as amended,  
24 shall not apply. All warrants issued by the treasurer for the payment  
25 of benefits and refunds shall bear the signature of the treasurer and  
26 the countersignature of the commissioner, or his or her duly authorized  
27 agent for that purpose.

28 (3) Any balance of moneys requisitioned from the unemployment trust  
29 fund which remains unclaimed or unpaid in the benefit account after the  
30 expiration of the period for which sums were requisitioned shall either  
31 be deducted from estimates for, and may be utilized for the payment of,  
32 benefits during succeeding periods, or in the discretion of the  
33 commissioner, shall be redeposited with the secretary of the treasury  
34 of the United States of America to the credit of this state's account  
35 in the unemployment trust fund.

36 (4) Money credited to the account of this state in the unemployment  
37 trust fund by the secretary of the treasury of the United States of  
38 America pursuant to section 903 of the social security act, as amended,

1 may be requisitioned and used for the payment of expenses incurred for  
2 the administration of this title pursuant to a specific appropriation  
3 by the legislature, provided that the expenses are incurred and the  
4 money is requisitioned after the enactment of an appropriation law  
5 which:

6 (a) Specifies the purposes for which such money is appropriated and  
7 the amounts appropriated therefor;

8 (b) Limits the period within which such money may be obligated to  
9 a period ending not more than two years after the date of the enactment  
10 of the appropriation law; and

11 (c) Limits the amount which may be obligated during a twelve-month  
12 period beginning on July 1st and ending on the next June 30th to an  
13 amount which does not exceed the amount by which (i) the aggregate of  
14 the amounts credited to the account of this state pursuant to section  
15 903 of the social security act, as amended, during the same twelve-  
16 month period and the thirty-four preceding twelve-month periods,  
17 exceeds (ii) the aggregate of the amounts obligated pursuant to RCW  
18 50.16.030 (4), (5) and (6) and charged against the amounts credited to  
19 the account of this state during any of such thirty-five twelve-month  
20 periods. For the purposes of RCW 50.16.030 (4), (5) and (6), amounts  
21 obligated during any such twelve-month period shall be charged against  
22 equivalent amounts which were first credited and which are not already  
23 so charged; except that no amount obligated for administration during  
24 any such twelve-month period may be charged against any amount credited  
25 during such a twelve-month period earlier than the thirty-fourth  
26 twelve-month period preceding such period: PROVIDED, That any amount  
27 credited to this state's account under section 903 of the social  
28 security act, as amended, which has been appropriated for expenses of  
29 administration, whether or not withdrawn from the trust fund shall be  
30 excluded from the unemployment compensation fund balance for the  
31 purpose of experience rating credit determination.

32 (5) Money credited to the account of this state pursuant to section  
33 903 of the social security act, as amended, may not be withdrawn or  
34 used except for the payment of benefits and for the payment of expenses  
35 of administration and of public employment offices pursuant to RCW  
36 50.16.030 (4), (5) and (6). However, moneys credited because of excess  
37 amounts in federal accounts in federal fiscal years 1999, 2000, and

1 2001 shall be used solely for the administration of the unemployment  
2 compensation program and are not subject to appropriation by the  
3 legislature for any other purpose.

4 (6) Money requisitioned as provided in RCW 50.16.030 (4), (5) and  
5 (6) for the payment of expenses of administration shall be deposited in  
6 the unemployment compensation fund, but until expended, shall remain a  
7 part of the unemployment compensation fund. The commissioner shall  
8 maintain a separate record of the deposit, obligation, expenditure and  
9 return of funds so deposited. Any money so deposited which either will  
10 not be obligated within the period specified by the appropriation law  
11 or remains unobligated at the end of the period, and any money which  
12 has been obligated within the period but will not be expended, shall be  
13 returned promptly to the account of this state in the unemployment  
14 trust fund.

15 **Sec. 6.** RCW 50.29.021 and 2005 c 133 s 4 are each amended to read  
16 as follows:

17 (1) This section applies to benefits charged to the experience  
18 rating accounts of employers for claims that have an effective date on  
19 or after January 4, 2004.

20 (2)(a) An experience rating account shall be established and  
21 maintained for each employer, except employers as described in RCW  
22 50.44.010 and 50.44.030 who have properly elected to make payments in  
23 lieu of contributions, taxable local government employers as described  
24 in RCW 50.44.035, and those employers who are required to make payments  
25 in lieu of contributions, based on existing records of the employment  
26 security department.

27 (b) Benefits paid to an eligible individual shall be charged to the  
28 experience rating accounts of each of such individual's employers  
29 during the individual's base year in the same ratio that the wages paid  
30 by each employer to the individual during the base year bear to the  
31 wages paid by all employers to that individual during that base year,  
32 except as otherwise provided in this section.

33 (c) When the eligible individual's separating employer is a covered  
34 contribution paying base year employer, benefits paid to the eligible  
35 individual shall be charged to the experience rating account of only  
36 the individual's separating employer if the individual qualifies for  
37 benefits under:



1 (i) RCW 50.20.050(2)(b)(i), as applicable, and became unemployed  
2 after having worked and earned wages in the bona fide work; or

3 (ii) RCW 50.20.050(2)(b)(v) through (x).

4 (3) The legislature finds that certain benefit payments, in whole  
5 or in part, should not be charged to the experience rating accounts of  
6 employers except those employers described in RCW 50.44.010 and  
7 50.44.030 who have properly elected to make payments in lieu of  
8 contributions, taxable local government employers described in RCW  
9 50.44.035, and those employers who are required to make payments in  
10 lieu of contributions, as follows:

11 (a) Benefits paid to any individual later determined to be  
12 ineligible shall not be charged to the experience rating account of any  
13 contribution paying employer.

14 (b) Benefits paid to an individual filing under the provisions of  
15 chapter 50.06 RCW shall not be charged to the experience rating account  
16 of any contribution paying employer only if:

17 (i) The individual files under RCW 50.06.020(1) after receiving  
18 crime victims' compensation for a disability resulting from a nonwork-  
19 related occurrence; or

20 (ii) The individual files under RCW 50.06.020(2).

21 (c) Benefits paid which represent the state's share of benefits  
22 payable as extended benefits defined under RCW 50.22.010(6) shall not  
23 be charged to the experience rating account of any contribution paying  
24 employer.

25 (d) In the case of individuals who requalify for benefits under RCW  
26 50.20.050 or 50.20.060, benefits based on wage credits earned prior to  
27 the disqualifying separation shall not be charged to the experience  
28 rating account of the contribution paying employer from whom that  
29 separation took place.

30 (e) Individuals who qualify for benefits under RCW  
31 50.20.050(2)(b)(iv), as applicable, shall not have their benefits  
32 charged to the experience rating account of any contribution paying  
33 employer.

34 (f) With respect to claims with an effective date on or after the  
35 first Sunday following April 22, 2005, and before July (~~(1, 2007)~~) 2,  
36 2006, benefits paid that exceed the benefits that would have been paid  
37 if the weekly benefit amount for the claim had been determined as one

1 percent of the total wages paid in the individual's base year shall not  
2 be charged to the experience rating account of any contribution paying  
3 employer.

4 (4)(a) A contribution paying base year employer, not otherwise  
5 eligible for relief of charges for benefits under this section, may  
6 receive such relief if the benefit charges result from payment to an  
7 individual who:

8 (i) Last left the employ of such employer voluntarily for reasons  
9 not attributable to the employer;

10 (ii) Was discharged for misconduct or gross misconduct connected  
11 with his or her work not a result of inability to meet the minimum job  
12 requirements;

13 (iii) Is unemployed as a result of closure or severe curtailment of  
14 operation at the employer's plant, building, worksite, or other  
15 facility. This closure must be for reasons directly attributable to a  
16 catastrophic occurrence such as fire, flood, or other natural disaster;  
17 or

18 (iv) Continues to be employed on a regularly scheduled permanent  
19 part-time basis by a base year employer and who at some time during the  
20 base year was concurrently employed and subsequently separated from at  
21 least one other base year employer. Benefit charge relief ceases when  
22 the employment relationship between the employer requesting relief and  
23 the claimant is terminated. This subsection does not apply to shared  
24 work employers under chapter 50.60 RCW.

25 (b) The employer requesting relief of charges under this subsection  
26 must request relief in writing within thirty days following mailing to  
27 the last known address of the notification of the valid initial  
28 determination of such claim, stating the date and reason for the  
29 separation or the circumstances of continued employment. The  
30 commissioner, upon investigation of the request, shall determine  
31 whether relief should be granted.

32 NEW SECTION. **Sec. 7.** In June 2005, the employment security  
33 department issued a report regarding the impact of chapter 4, Laws of  
34 2003 2nd sp. sess. on the voluntary quit provision changes contained in  
35 the act. The report indicated that a number of the changes seemed to  
36 disproportionately impact women, although the department indicated that  
37 because chapter 4, Laws of 2003 2nd sp. sess. had gone into effect less

1 than a year before the report was due, it did not have sufficient data  
2 to definitively state the impact of the voluntary quit provisions. The  
3 department is directed to continue this study from the effective date  
4 of the voluntary quit provisions of chapter 4, Laws of 2003 2nd sp.  
5 sess. to September 30, 2006, and report to the appropriate committees  
6 of the legislature by December 15, 2006.

7 NEW SECTION. **Sec. 8.** 2005 c 133 s 10 (uncodified) is repealed.

8 NEW SECTION. **Sec. 9.** Sections 3 and 4 of this act apply to rate  
9 years beginning on or after January 1, 2007.

10 NEW SECTION. **Sec. 10.** If any provision of this act or its  
11 application to any person or circumstance is held invalid, the  
12 remainder of the act or the application of the provision to other  
13 persons or circumstances is not affected.

14 NEW SECTION. **Sec. 11.** If any part of this act is found to be in  
15 conflict with federal requirements that are a prescribed condition to  
16 the allocation of federal funds to the state or the eligibility of  
17 employers in this state for federal unemployment tax credits, the  
18 conflicting part of this act is inoperative solely to the extent of the  
19 conflict, and the finding or determination does not affect the  
20 operation of the remainder of this act. Rules adopted under this act  
21 must meet federal requirements that are a necessary condition to the  
22 receipt of federal funds by the state or the granting of federal  
23 unemployment tax credits to employers in this state.

24 NEW SECTION. **Sec. 12.** This act is necessary for the immediate  
25 preservation of the public peace, health, or safety, or support of the  
26 state government and its existing public institutions, and takes effect  
27 immediately.

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