

**SSB 6885 Compared to Existing Law**  
**With No Recession and with a Major Recession**  
(Dollars in Millions)

**Taxes (numbers in parentheses represent savings)**

<b>NO RECESSION</b>	<b>CY 2007</b>	<b>CY 2008</b>	<b>CY 2009</b>	<b>CY 2010</b>	<b>CY 2011</b>	<b>CY 2012</b>	<b>CY 2013</b>	<b>CY 2014</b>	<b>TOTAL</b>
SSB 6885	\$ 829.5	\$ 765.8	\$ 797.0	\$ 830.5	\$ 842.7	\$ 873.8	\$ 914.6	\$ 913.1	\$6,767.0
Existing Law	\$ 911.0	\$ 873.1	\$ 881.1	\$ 905.6	\$ 895.9	\$ 901.3	\$ 920.3	\$ 922.6	\$7,210.9
<b>Difference</b>	\$ (81.6)	\$ (107.3)	\$ (84.0)	\$ (75.1)	\$ (53.2)	\$ (27.6)	\$ (5.7)	\$ (9.5)	\$ (443.9)

<b>MAJOR RECESSION</b>	<b>CY 2007</b>	<b>CY 2008</b>	<b>CY 2009</b>	<b>CY 2010</b>	<b>CY 2011</b>	<b>CY 2012</b>	<b>CY 2013</b>	<b>CY 2014</b>	<b>TOTAL</b>
SSB 6885	\$ 829.5	\$ 765.8	\$ 846.7	\$ 945.9	\$1,055.6	\$1,439.9	\$1,670.8	\$1,689.2	\$9,243.4
Existing Law	\$ 911.0	\$ 873.1	\$ 881.1	\$ 949.3	\$ 977.0	\$1,440.3	\$1,557.0	\$1,324.3	\$8,912.9
<b>Difference</b>	\$ (81.6)	\$ (107.3)	\$ (34.4)	\$ (3.3)	\$ 78.6	\$ (0.4)	\$ 113.9	\$ 364.9	\$ 330.5

**Benefit Liability**

<b>NO RECESSION</b>	<b>CY 2007</b>	<b>CY 2008</b>	<b>CY 2009</b>	<b>CY 2010</b>	<b>CY 2011</b>	<b>CY 2012</b>	<b>CY 2013</b>	<b>CY 2014</b>	<b>TOTAL</b>
SSB 6885	\$1,018.0	\$1,029.6	\$1,029.1	\$ 930.2	\$ 965.3	\$ 990.0	\$1,026.6	\$1,071.5	\$ 8,060.4
Existing Law	\$1,013.3	\$ 962.2	\$ 911.6	\$ 831.2	\$ 878.2	\$ 901.3	\$ 925.0	\$ 964.1	\$ 7,387.0
<b>Difference</b>	\$ 4.7	\$ 67.4	\$ 117.5	\$ 99.0	\$ 87.1	\$ 88.6	\$ 101.6	\$ 107.4	\$ 673.4

<b>MAJOR RECESSION</b>	<b>CY 2007</b>	<b>CY 2008</b>	<b>CY 2009</b>	<b>CY 2010</b>	<b>CY 2011</b>	<b>CY 2012</b>	<b>CY 2013</b>	<b>CY 2014</b>	<b>TOTAL</b>
SSB 6885	\$1,018.0	\$1,029.6	\$1,029.1	\$1,392.8	\$1,842.9	\$1,639.4	\$1,133.5	\$1,159.0	\$10,244.4
Existing Law	\$1,013.3	\$ 962.2	\$ 911.6	\$1,244.5	\$1,665.6	\$1,486.8	\$1,028.0	\$1,051.5	\$ 9,363.5
<b>Difference</b>	\$ 4.7	\$ 67.4	\$ 117.5	\$ 148.3	\$ 177.3	\$ 152.6	\$ 105.5	\$ 107.5	\$ 880.9

## **SSB 6885 Compared to Existing Law**

### **With No Recession and with a Major Recession**

#### **Components of SSB 6885 with technical amendments\***

- Lower the taxable wage base from 80% to 75% of the state's average annual wage.
- Use four years of taxes, benefits, and payrolls instead of one year to compute the flat social tax rate.
- Use a variable minimum flat social tax rate - the more in the trust fund, the more the rate can reduce.
- Lower the maximum total tax rate for certain industries to 5.7% (from 6.0%).
- End the zero social tax rate for certain industries as of 12/31/06.
- Trigger the solvency surcharge when the trust fund has 8 months of benefits (instead of 6 months).
- Retain the weekly benefit amount calculation at 3.85% of the average of 2 highest quarters' wages.
- Charge benefits at 2 quarter averaging on claims with effective dates after 7/1/06.
- Do not requisition Reed Act funds in 2007 for ineffective charges due to the zero social tax rate.
- Do not use Reed Act funds for the difference between benefits paid at 2 and 4 quarter averaging.

#### **Assumptions used in this data modeling**

- The tax savings between SSB 6885 and Existing Law scenarios are in addition to the savings already realized in the UI system by the difference in laws before 2003 and the changes made in 2ESB 6097.
- Changes are effective beginning calendar year 2007 unless otherwise stated above.
- All other provisions of current law remain in effect.
- The Economic and Revenue Forecast Council provides economic information for the State of Washington through 2007. Uncertainties about future economic conditions make it impossible to forecast individualized yearly results beyond 2007. Therefore, we assumed that 2007 economic conditions (moderate growth) will continue through 2009.
- Estimates for years after 2009 are merely speculative. At best, estimates past 2009 are only a simulation and cannot be considered a forecast.
- For the "No Recession" scenario, we assumed the economic conditions for 2007-2009 would continue through 2014.
- For the "Major Recession" scenario, we assumed a total unemployment rate of 7.4% and economic conditions resembling those during 2003 (when the unemployment rate was the highest in Washington since 1987). The major recession was assumed to start in 2010, which means the state starts to experience increased unemployment for several months leading up to 2010.

#### **\* Technical Amendments**

1. Set the variable social tax rate to always buy down the trust fund to 10 months of benefits, not to 12 or 14.
2. Calculate the flat social tax using 16 quarters of payrolls as well as 16 quarters of taxes and benefits, always divided by four to get an annualized average.
3. End the zero social tax rate at the end of rate year 2006 rather than mid-year.