AN ACT Relating to making adjustments to improve benefit equity in the unemployment insurance system; amending RCW 50.01.010, 50.20.120, 50.29.025, and 50.16.030; adding a new section to chapter 50.29 RCW; creating new sections; providing expiration dates; and declaring an emergency.

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

NEW SECTION. Sec. 1. The legislature finds that the unemployment insurance system was created to set aside unemployment reserves to be used for the benefit of persons who are unemployed through no fault of their own and to maintain purchasing power and limit the social consequences of unemployment. The legislature further finds that the system is falling short of these goals by failing to recognize the importance of applying liberal construction for the purpose of reducing involuntary unemployment, and the suffering caused by it, to the minimum, and by failing to provide equitable benefits to unemployed workers. The legislature also recognizes the desirability of managing the system to take into account the goal of reducing costs to foster a competitive business climate. The legislature intends to adjust the balance between these goals by reinstating the requirement for liberal...
construction and making other adjustments in the system that will allow reasonable improvements in benefit equity, including reinstating a weekly benefit calculation based on the wages in the two quarters of the claimant's base year in which wages were the highest. The legislature finds that these adjustments are critical to the health and welfare of unemployed workers, and to the purchasing power essential to the economic health and welfare of communities and the state, and should be implemented as soon as feasible.

Sec. 2. RCW 50.01.010 and 2003 2nd sp.s. c 4 s 1 are each amended to read as follows:

Whereas, economic insecurity due to unemployment is a serious menace to the health, morals and welfare of the people of this state; involuntary unemployment is, therefore, a subject of general interest and concern which requires appropriate action by the legislature to prevent its spread and to lighten its burden which now so often falls with crushing force upon the unemployed worker and his family. Social security requires protection against this greatest hazard of our economic life. This can be provided only by application of the insurance principle of sharing the risks, and by the systematic accumulation of funds during periods of employment to provide benefits for periods of unemployment, thus maintaining purchasing powers and limiting the serious social consequences of relief assistance. The state of Washington, therefore, exercising herein its police and sovereign power endeavors by this title to remedy any widespread unemployment situation which may occur and to set up safeguards to prevent its recurrence in the years to come. The legislature, therefore, declares that in its considered judgment the public good, and the general welfare of the citizens of this state require the enactment of this measure, under the police powers of the state, for the compulsory setting aside of unemployment reserves to be used for the benefit of persons unemployed through no fault of their own, and that this title shall be liberally construed for the purpose of reducing involuntary unemployment and the suffering caused thereby to the minimum.

Sec. 3. RCW 50.20.120 and 2003 2nd sp.s. c 4 s 11 are each amended to read as follows:
(1)(a) Subject to the other provisions of this title, benefits shall be payable to any eligible individual during the individual's benefit year in a maximum amount equal to the lesser of thirty times the weekly benefit amount, as determined in subsection (2) of this section, or one-third of the individual's base year wages under this title: PROVIDED, That as to any week which falls in an extended benefit period as defined in RCW 50.22.010(1), an individual's eligibility for maximum benefits in excess of twenty-six times his or her weekly benefit amount will be subject to the terms and conditions set forth in RCW 50.22.020.

(b) With respect to claims that have an effective date on or after the first Sunday of the calendar month immediately following the month in which the commissioner finds that the state unemployment rate is six and eight-tenths percent or less, benefits shall be payable to any eligible individual during the individual's benefit year in a maximum amount equal to the lesser of twenty-six times the weekly benefit amount, as determined in subsection (2) of this section, or one-third of the individual's base year wages under this title.

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

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

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

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

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

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

(ii) With respect to claims that have an effective date on or after January 4, 2004, the maximum amount payable weekly shall be either four hundred ninety-six dollars or sixty-three percent of the "average weekly wage" for the calendar year preceding such June 30th, whichever is greater.

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

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

Sec. 4. RCW 50.29.025 and 2003 2nd sp.s. c 4 s 14 are each amended to read as follows:

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

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

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

<table>
<thead>
<tr>
<th>Interval of the Fund Balance Ratio Expressed as a Percentage</th>
<th>Effective Tax Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.90 and above</td>
<td>AA</td>
</tr>
<tr>
<td>2.10 to 2.89</td>
<td>A</td>
</tr>
<tr>
<td>1.70 to 2.09</td>
<td>B</td>
</tr>
<tr>
<td>1.40 to 1.69</td>
<td>C</td>
</tr>
<tr>
<td>1.00 to 1.39</td>
<td>D</td>
</tr>
<tr>
<td>0.70 to 0.99</td>
<td>E</td>
</tr>
<tr>
<td>Less than 0.70</td>
<td>F</td>
</tr>
</tbody>
</table>

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

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

(e) Except as provided in RCW 50.29.026, the contribution rate for each employer in the array shall be the rate specified in the following tables for the rate class to which he or she has been assigned, as determined under (d) of this subsection, within the tax schedule which is to be in effect during the rate year:
Percent of Cumulative Schedules of Contributions Rates for Effective Tax Schedule

<table>
<thead>
<tr>
<th>Rate</th>
<th>From</th>
<th>To</th>
<th>Class</th>
<th>AA</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
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<tr>
<td></td>
<td>0.00</td>
<td>5.00</td>
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<td>0.47</td>
<td>0.47</td>
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</tr>
<tr>
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<td>5.01</td>
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<td>0.47</td>
<td>0.47</td>
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<td>1.67</td>
<td>2.07</td>
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</tr>
<tr>
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<td>0.57</td>
<td>0.57</td>
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<td>1.37</td>
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<td>2.27</td>
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<td>3.66</td>
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<td>3.21</td>
<td>3.62</td>
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<td>4.43</td>
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</tr>
<tr>
<td></td>
<td>85.01</td>
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<td>4.87</td>
<td>4.97</td>
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<td>5.40</td>
<td>5.40</td>
<td>5.40</td>
<td>5.40</td>
<td>5.40</td>
</tr>
</tbody>
</table>

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

(i) Employers who do not meet the definition of "qualified employer" by reason of failure to pay contributions when due shall be assigned a contribution rate two-tenths higher than that in rate class 20 for the applicable rate year, except employers who have an approved agency-deferred payment contract by September 30 of the previous rate year. If any employer with an approved agency-deferred payment contract fails to make any one of the succeeding deferred payments or fails to submit any succeeding tax report and payment in a timely manner, the employer's tax rate shall immediately revert to a contribution rate two-tenths higher than that in rate class 20 for the applicable rate year; and
(ii) For all other employers not qualified to be in the array, the
collection rate shall be a rate equal to the average industry rate as
determined by the commissioner; however, the rate may not be less than
one percent.

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

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

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

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

<table>
<thead>
<tr>
<th>Benefit Ratio</th>
<th>Rate Class</th>
<th>Rate (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least 0.000001</td>
<td>1</td>
<td>0.00</td>
</tr>
<tr>
<td>0.000001 - 0.001250</td>
<td>2</td>
<td>0.13</td>
</tr>
<tr>
<td>0.001250 - 0.002500</td>
<td>3</td>
<td>0.25</td>
</tr>
<tr>
<td>0.002500 - 0.003750</td>
<td>4</td>
<td>0.38</td>
</tr>
<tr>
<td>0.003750 - 0.005000</td>
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<td>0.50</td>
</tr>
<tr>
<td>0.005000 - 0.006250</td>
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<td>0.63</td>
</tr>
<tr>
<td>0.006250 - 0.007500</td>
<td>7</td>
<td>0.75</td>
</tr>
<tr>
<td>0.007500 - 0.008750</td>
<td>8</td>
<td>0.88</td>
</tr>
<tr>
<td>0.008750 - 0.010000</td>
<td>9</td>
<td>1.00</td>
</tr>
<tr>
<td>0.010000 - 0.011250</td>
<td>10</td>
<td>1.15</td>
</tr>
<tr>
<td>0.011250 - 0.012500</td>
<td>11</td>
<td>1.30</td>
</tr>
<tr>
<td>0.012500 - 0.013750</td>
<td>12</td>
<td>1.45</td>
</tr>
</tbody>
</table>
(b) The graduated social cost factor rate shall be determined as follows:

(i)(A) Except as provided in (b)(i)(B) (and) (C) and (D) of this subsection, the commissioner shall calculate the flat social cost factor for a rate year by dividing the total social cost by the total taxable payroll. The division shall be carried to the second decimal place with the remaining fraction disregarded unless it amounts to five hundredths or more, in which case the second decimal place shall be rounded to the next higher digit. The flat social cost factor shall be expressed as a percentage.
(B) If, on the cut-off date, the balance in the unemployment compensation fund is determined by the commissioner to be an amount that will provide more than ten months of unemployment benefits, the commissioner shall calculate the flat social cost factor for the rate year immediately following the cut-off date by reducing the total social cost by the dollar amount that represents the number of months for which the balance in the unemployment compensation fund on the cut-off date will provide benefits above ten months and dividing the result by the total taxable payroll. However, the calculation under this subsection (2)(b)(i)(B) for a rate year may not result in a flat social cost factor that is more than two-tenths lower than the calculation under (b)(i)(A) of this subsection for that rate year. For the purposes of this subsection, the commissioner shall determine the number of months of unemployment benefits in the unemployment compensation fund using the benefit cost rate for the average of the three highest calendar benefit cost rates in the twenty consecutive completed calendar years immediately preceding the cut-off date or a period of consecutive calendar years immediately preceding the cut-off date that includes three recessions, if longer.

(C) The minimum flat social cost factor calculated under this subsection (2)(b) shall be six-tenths of one percent.

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

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

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

(ii)(A) Except as provided in (b)(ii)(B) of this subsection, the graduated social cost factor rate for each employer in the array is the flat social cost factor multiplied by the percentage specified as follows for the rate class to which the employer has been assigned in (a)(ii) of this subsection((, except that the sum of an employer's array calculation factor rate and the graduated social cost factor rate may not exceed six and five-tenths percent or, for employers whose standard industrial classification code is within major group "01," "02," "07," "091," "203," "209," or "5148," or the equivalent code in

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the North American industry classification system code, may not exceed six percent):

((A)) (I) Rate class 1 - 78 percent;
((B)) (II) Rate class 2 - 82 percent;
((C)) (III) Rate class 3 - 86 percent;
((D)) (IV) Rate class 4 - 90 percent;
((E)) (V) Rate class 5 - 94 percent;
((F)) (VI) Rate class 6 - 98 percent;
((G)) (VII) Rate class 7 - 102 percent;
((H)) (VIII) Rate class 8 - 106 percent;
((I)) (IX) Rate class 9 - 110 percent;
((J)) (X) Rate class 10 - 114 percent;
((K)) (XI) Rate class 11 - 118 percent; and
((L)) (XII) Rate classes 12 through 40 - 120 percent.

(B) The sum of an employer's array calculation factor rate and the graduated social cost factor rate may not exceed six and five-tenths percent, except that:

(I) For contributions assessed beginning July 1, 2005, through June 30, 2007, for employers whose North American industry classification system code is "111," "112," "115," "3114," "3117," "42448," or "49312," the graduated social cost factor rate is zero; and

(II) The sum of an employer's array calculation factor rate and the graduated social cost factor rate may not exceed six percent for employers whose North American industry classification system code is "1141," and, for periods not covered by (b)(ii)(B)(I) of this subsection, for employers whose North American industry classification system code is "111," "112," "115," "3114," "3117," or "42448."

(iii) For the purposes of this section:

(A) "Total social cost" means:

(I) Except as provided in (b)(iii)(A)(II) of this subsection, the amount calculated by subtracting the array calculation factor contributions paid by all employers with respect to the four consecutive calendar quarters immediately preceding the computation date and paid to the employment security department by the cut-off date from the total unemployment benefits paid to claimants in the same four consecutive calendar quarters. To calculate the flat social cost factor for rate year 2005, the commissioner shall calculate the total social cost using the array calculation factor contributions that would
have been required to be paid by all employers in the calculation period if (a) of this subsection had been in effect for the relevant period.

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

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

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

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

(ii) For all other employers not qualified to be in the array, the array calculation factor rate shall be a rate equal to the average industry array calculation factor rate as determined by the commissioner, plus fifteen percent of that amount; however, the rate may not be less than one percent or more than the array calculation factor rate in rate class 40.

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

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

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

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

Sec. 5. RCW 50.16.030 and 1999 c 36 s 1 are each amended to read as follows:

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

(b) During fiscal years 2006 and 2007, moneys for the payment of regular benefits as defined in RCW 50.22.010 shall be requisitioned in the following order:

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

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

(c) After the requisitioning required under (b) of this subsection, if applicable, during calendar years 2006 and 2007, moneys for the payment of regular benefits as defined in RCW 50.22.010 shall be requisitioned in the following order:

(i) First, from the moneys credited to this state's account in the unemployment trust fund pursuant to section 903 of the social security act, as amended in section 209 of the temporary extended unemployment compensation act of 2002 (42 U.S.C. Sec. 1103(d)), the amount equal to the amount of benefits charged that exceed the contributions paid in the four consecutive calendar quarters immediately preceding the applicable computation date because the social cost factor contributions paid pursuant to RCW 50.29.025(2)(b)(i)(D)(II) are less than the social cost factor contributions that would have been paid if RCW 50.29.025(2)(b)(i)(D)(I) had been applicable; and

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

(2) Expenditures of such moneys in the benefit account and refunds from the clearing account shall not be subject to any provisions of law requiring specific appropriations or other formal release by state officers of money in their custody, and RCW 43.01.050, as amended, shall not apply. All warrants issued by the treasurer for the payment of benefits and refunds shall bear the signature of the treasurer and the countersignature of the commissioner, or his or her duly authorized agent for that purpose.
(3) Any balance of moneys requisitioned from the unemployment trust fund which remains unclaimed or unpaid in the benefit account after the expiration of the period for which sums were requisitioned shall either be deducted from estimates for, and may be utilized for the payment of, benefits during succeeding periods, or in the discretion of the commissioner, shall be redeposited with the secretary of the treasury of the United States of America to the credit of this state's account in the unemployment trust fund.

(4) Money credited to the account of this state in the unemployment trust fund by the secretary of the treasury of the United States of America pursuant to section 903 of the social security act, as amended, may be requisitioned and used for the payment of expenses incurred for the administration of this title pursuant to a specific appropriation by the legislature, provided that the expenses are incurred and the money is requisitioned after the enactment of an appropriation law which:

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

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

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

(5) Money credited to the account of this state pursuant to section
903 of the social security act, as amended, may not be withdrawn or
used except for the payment of benefits and for the payment of expenses
of administration and of public employment offices pursuant to RCW
50.16.030 (4), (5) and (6). However, moneys credited because of excess
amounts in federal accounts in federal fiscal years 1999, 2000, and
2001 shall be used solely for the administration of the unemployment
compensation program and are not subject to appropriation by the
legislature for any other purpose.

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

NEW SECTION. Sec. 6. A new section is added to chapter 50.29 RCW
to read as follows:

(1) By October 1, 2006, and October 1, 2007, the employment
security department must report to the appropriate committees of the
legislature on the impact, or projected impact, of sections 2 and 3,
chapter ..., Laws of 2005 (sections 2 and 3 of this act) on the
unemployment trust fund in the three consecutive fiscal years beginning
with the year before the report date.

(2) This section expires January 1, 2008.

NEW SECTION. Sec. 7. To establish additional capacity within the
employment security department, the department is authorized to add two
full-time equivalent employees to develop economic models for estimating the impacts of policy changes on the unemployment insurance system and the unemployment trust fund.

NEW SECTION. Sec. 8. (1)(a) The joint legislative task force on unemployment insurance benefit equity is established. The joint legislative task force shall consist of the following members:

(i) The chair and ranking minority member of the senate labor, commerce, research and development committee;

(ii) The chair and ranking minority member of the house commerce and labor committee;

(iii) Four members representing business, selected from nominations submitted by statewide business organizations representing a cross-section of industries and appointed jointly by the president of the senate and the speaker of the house of representatives; and

(iv) Four members representing labor, selected from nominations submitted by statewide labor organizations representing a cross-section of industries and appointed jointly by the president of the senate and the speaker of the house of representatives.

(b) In addition, the employment security department shall cooperate with the task force and maintain a liaison representative, who shall be a nonvoting member. The department shall cooperate with the task force and provide information as the task force may reasonably request.

(2) The task force shall review the unemployment insurance system, including, but not limited to, whether the benefit structure provides for equitable benefits, whether the structure fairly accounts for changes in the work force and industry work patterns, including seasonality, and for claimants' annual work patterns, whether the tax structure provides for an equitable distribution of taxes, and whether the trust fund is adequate in the long term.

(3)(a) The task force shall use legislative facilities, and staff support shall be provided by senate committee services and the house of representatives office of program research. The task force may hire additional staff with specific technical expertise if such expertise is necessary to carry out the mandates of this study.

(b) Legislative members of the task force shall be reimbursed for travel expenses in accordance with RCW 44.04.120. Nonlegislative
members, except those representing an employer or organization, are
entitled to be reimbursed for travel expenses in accordance with RCW
43.03.050 and 43.03.060.
(c) The expenses of the task force shall be paid jointly by the
senate and the house of representatives.
(5) The task force shall report its findings and recommendations to
the legislature by January 1, 2006.
(6) This section expires July 1, 2006.

NEW SECTION. Sec. 9. (1) Section 2 of this act expires June 30,
2007.
(2) It is the intent of the legislature that the expiration of
sections or subsections of this act results in those sections of law
being returned to the law in effect immediately before the effective
date of this act.

NEW SECTION. Sec. 10. If any part of this act is found to be in
conflict with federal requirements that are a prescribed condition to
the allocation of federal funds to the state or the eligibility of
employers in this state for federal unemployment tax credits, the
conflicting part of this act is inoperative solely to the extent of the
conflict, and the finding or determination does not affect the
operation of the remainder of this act. Rules adopted under this act
must meet federal requirements that are a necessary condition to the
receipt of federal funds by the state or the granting of federal
unemployment tax credits to employers in this state.

NEW SECTION. Sec. 11. This act is necessary for the immediate
preservation of the public peace, health, or safety, or support of the
state government and its existing public institutions, and takes effect
immediately.

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