
SENATE BILL 5626

State of Washington

69th Legislature

2025 Regular Session

By Senators Saldaña, Lovelett, Valdez, Cortes, Alvarado, Orwall, Kauffman, and Slatter

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 legislature finds and declares:

8 (1) When unemployment insurance was established by the United
9 States congress and the state legislature, the legislature explicitly
10 recognized that economic insecurity caused by unemployment is the
11 greatest hazard of our economic life that falls with crushing force
12 upon the unemployed worker, which therefore requires the compulsory
13 setting aside of unemployment reserves to reduce the suffering caused
14 by unemployment to a minimum. Unemployment insurance is essential to
15 ensure that individuals who lose income can survive and meet their
16 basic needs during periods they are unable to find stable work.

17 (2) Many immigrant workers, however, are not eligible for
18 unemployment insurance and have not received any assistance from this
19 jointly administered state and federal insurance program. RCW
20 50.20.098 provides that unemployment insurance benefits shall not be
21 payable unless the individual was lawfully admitted for permanent

1 residence, was lawfully present for purposes of performing such
2 services, or otherwise was permanently residing in the United States
3 under color of law at the time such services were performed. Title 8
4 U.S.C. Sec. 1621(d) requires that states wishing to extend benefits
5 beyond a short list of qualified immigrants must affirmatively do so.
6 Those ineligible to receive unemployment benefits include workers
7 without work authorization, workers whose work authorization has
8 expired or is awaiting renewal, and workers who recently regularized
9 their immigration status.

10 (3) Ineligibility for unemployment benefits has devastated
11 immigrant communities during the pandemic economic crisis,
12 particularly immigrants working in low-wage industries. Several of
13 the industries that have experienced the highest rates of job loss in
14 Washington due to the pandemic are low-wage sectors with the highest
15 numbers of immigrant workers including the restaurant, hotel, retail,
16 and construction industries. Economists predict large-scale permanent
17 job loss and long-term unemployment as the effects of the pandemic
18 are similar to the great recession of 2008. Without access to
19 unemployment benefits among other critical safety net programs,
20 Washington's immigrant communities face deep economic devastation for
21 years to come. Prior to the pandemic, the poverty rate of immigrants
22 in Washington was already high, with 18 percent of the state's
23 immigrant residents living in poverty compared to 12 percent of
24 United States born residents. The crisis is expected to significantly
25 expand this disparity.

26 (4) The fiscal policy institute reports that Washington employers
27 have contributed nearly \$400,000,000 to national and state
28 unemployment trust funds between the years 2010-2019 on behalf of
29 undocumented workers.

30 (5) To support the survival of Washington's immigrant workers and
31 families during periods of crisis, particularly low-income
32 households, and to provide the safety net that United States born
33 Washington residents can access, the legislature intends to establish
34 a weekly wage replacement state program similar to the state and
35 federal unemployment insurance program for workers who are unemployed
36 and not eligible for the state and federal unemployment insurance.

37 NEW SECTION. **Sec. 2.** The definitions in this section apply
38 throughout this chapter unless the context clearly requires

1 otherwise. In addition, the definitions in chapter 50.04 RCW apply,
2 except as otherwise provided in this section.

3 (1) "Application for initial determination" has the meaning
4 provided in RCW 50.20.140.

5 (2) "Benefit" or "benefits" means the compensation payable to a
6 claimant, as provided in either this title or this chapter with
7 respect to the claimant's unemployment.

8 (3) "Claimant" means an individual applying for benefits under
9 this chapter.

10 (4) "Department" means the employment security department.

11 (5) (a) "Employment" has the meaning provided in RCW 50.04.100,
12 subject to the provisions of RCW 50.04.110, 50.04.120 through
13 50.04.205, and 50.04.210 through 50.04.280. The provisions of RCW
14 50.04.206 do not apply to the definition of "employment" for this
15 chapter.

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

23 (6) (a) "Resident of the state of Washington" means a claimant who
24 takes actions indicating they intend to live in Washington state on
25 more than a temporary or transient basis throughout the duration of
26 receiving benefits under this chapter. Under this chapter, a claimant
27 is a resident of the state of Washington if the claimant:

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

30 (ii) Lives in a motor home or vessel that is not permanently
31 attached to any real property if the claimant previously lived in
32 this state and does not have a permanent residence in any other
33 state;

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

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

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

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

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

6 (b) The actions and documentation outlined in this subsection (6)
7 are a nonexhaustive list, and the third-party administrator may adopt
8 additional methods by which a claimant may prove they are a resident
9 of the state of Washington.

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

13 (8) "Week of unemployment" means any week during which a
14 claimant, including a self-employed claimant:

15 (a) Performs no services and with respect to which no
16 remuneration is payable to the claimant; or

17 (b) Performs less than full-time work if the remuneration payable
18 to the claimant with respect to such week is less than one and one-
19 third times the individual's weekly benefit amount plus \$5.00.

20 NEW SECTION. **Sec. 3.** (1) The Washington wage replacement
21 account is created in the custody of the state treasurer. Revenues to
22 the account must consist of appropriations and transfers by the
23 legislature and all other funding directed for deposit into the
24 account. Expenditures from the account may be used only for providing
25 benefits under this chapter to eligible and qualified claimants,
26 contracting with community-based organizations to notify individuals
27 who may be eligible for benefits under this chapter, administration
28 of the advisory committee of this act, the department's
29 administrative costs, and third-party administrators under this
30 chapter. The account is subject to the allotment procedures under
31 chapter 43.88 RCW, but an appropriation is not required for
32 expenditures.

33 (2) (a) The department shall select a third-party administrator by
34 July 1, 2026. At a minimum, the third-party administrator must have
35 experience building and operating financial benefit systems that are
36 proven to be accessible and responsive to the target population and
37 demonstrated mechanisms to prevent disclosure of confidential or
38 private information. The department may adopt rules for selecting and
39 replacing the third-party administrator.

1 (b) Each quarter, to the extent allowed by the United States
2 department of labor, employment and training administration, the
3 department shall allocate the money in the wage replacement account
4 to one or more third-party administrators for the purpose of
5 providing benefits to eligible and qualified claimants and for
6 contracting with community-based organizations to notify individuals
7 who may be eligible for this program.

8 (c) The third-party administrator selected pursuant to (a) of
9 this subsection shall, within one year after the contract is awarded
10 after the effective date of this section:

11 (i) Contract with community-based organizations to provide
12 outreach to unemployed individuals who may be eligible for benefits
13 under this chapter;

14 (ii) Screen each applicant for benefits to determine if the
15 applicant is an eligible individual;

16 (iii) Pay benefits to eligible individuals; and

17 (iv) Establish an appeal process for benefit denials,
18 suspensions, or terminations.

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

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

23 (a) Three members representing immigrants' interests;

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

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

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

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

36 (3) The advisory committee must provide comment on implementation
37 of this chapter, utilization of benefits under this chapter,
38 selection and performance of the third-party administrator, and study

1 issues the advisory committee determines to require its
2 consideration.

3 (4) The members must serve without compensation but are eligible
4 for reimbursement of travel expenses as provided in RCW 43.03.050 and
5 43.03.060, and for stipends provided by the department under RCW
6 43.03.220. All expenses of the advisory committee must be paid by the
7 Washington wage replacement account created in section 3 of this act.

8 (5) The department must comply with the requirements of RCW
9 43.18A.020 in making appointments provided in this section. The
10 department must provide the report required in RCW 43.18A.020.

11 NEW SECTION. **Sec. 5.** (1) Beginning January 1, 2027, a claimant
12 may apply for benefits under this chapter with respect to any week of
13 unemployment in the claimant's benefit year if the claimant provides
14 the department with sufficient evidence that the claimant is
15 ineligible for benefits under Title 50 RCW.

16 (2) The claimant must meet the eligibility and qualification
17 requirements under sections 6 and 7 of this act.

18 NEW SECTION. **Sec. 6.** (1) To be eligible for benefits under this
19 chapter, a claimant, who has provided sufficient evidence to the
20 department as provided in section 5 of this act, must satisfy the
21 steps in this section.

22 (2) The claimant must file an application for benefits under this
23 chapter with the third-party administrator, which includes
24 information or documentation verifying the claimant:

25 (a) Is a resident of the state of Washington and has sufficient
26 photographic identification confirming their identity;

27 (b) Worked 680 hours in employment in the claimant's base year or
28 earned wages during the claimant's base year equal to 680 times the
29 minimum wage set by RCW 49.46.020 in effect during the first quarter
30 of the claimant's base year;

31 (c) Is unemployed through no fault of their own; and

32 (d) Has been unemployed for a waiting period of one week.

33 (3) If the claimant's wages are not verified by employer reports
34 provided by the claimant to the third-party administrator under
35 subsection (2)(b) of this section, the third-party administrator must
36 request additional information or documentation from the claimant
37 verifying the claimant earned wages during the claimant's base year
38 equal to 680 times the minimum wage set by RCW 49.46.020 in effect

1 during the first quarter of the claimant's base year. If, after the
2 third-party administrator's request, the claimant fails to provide
3 sufficient information or documentation, the claimant may be denied
4 benefits under this chapter.

5 (4) The third-party administrator may contract with a community-
6 based organization to assist claimants in gathering information or
7 documentation required under this section. Such assistance shall not
8 include communication with employers regarding applicant eligibility.

9 (5) The third-party administrator must make the final decision on
10 whether the claimant is eligible for benefits under this chapter. The
11 third-party administrator may utilize information or documentation
12 provided by the claimant or any third-party, community-based
13 organization contracted under this section.

14 NEW SECTION. **Sec. 7.** (1) If the third-party administrator
15 determines the claimant is eligible for benefits under this chapter,
16 the claimant may qualify for weekly benefits by self-attesting that
17 the claimant meets the following requirements for each week of
18 unemployment in which the claimant is applying for benefits under
19 this chapter:

20 (a) The claimant must be actively seeking work in any trade,
21 occupation, profession, or business for which the claimant is
22 reasonably fitted; and

23 (b) The claimant must report to the third-party administrator any
24 wages or remuneration the claimant received.

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

28 (3) The third-party administrator may take reasonable steps to
29 confirm the claimant's job search, educational, or professional
30 development activities, and current unemployment status.

31 NEW SECTION. **Sec. 8.** (1) A claimant who is eligible and
32 qualified for benefits under this chapter must receive a weekly
33 benefit amount equal to the weekly benefit amount calculated in RCW
34 50.20.120 by the third-party administrator.

35 (2) Benefits must be payable to any eligible and qualified
36 claimant during the claimant's benefit year in a maximum amount equal
37 to the lesser of 26 times the weekly benefit amount, as determined

1 under subsection (1) of this section, or one-third of the claimant's
2 base year wages under this chapter.

3 NEW SECTION. **Sec. 9.** If waiting period credit or the payment of
4 benefits under this chapter are denied to any claimant for any week
5 or weeks, the claimant must be promptly issued written notice of the
6 denial and reasons for such denial by the third-party administrator.

7 NEW SECTION. **Sec. 10.** (1) A claimant is disqualified for
8 benefits under this chapter:

9 (a) If the third-party administrator finds that a claimant:

10 (i) Left the claimant's most recent work voluntarily without good
11 cause;

12 (ii) Was discharged for misconduct or gross misconduct connected
13 with the claimant's most recent work; or

14 (iii) Knowingly made a false statement or representation
15 involving a material fact or knowingly failed to report a material
16 fact and, as a result, has obtained or attempted to obtain any
17 benefits under this chapter; or

18 (b) For any week a claimant has received, is receiving, or will
19 receive compensation, under:

20 (i) Chapters 50.01 through 50.36 RCW;

21 (ii) Title 50A RCW;

22 (iii) RCW 51.32.060;

23 (iv) RCW 51.32.090; or

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

26 (2) Cessation of operations by an employer for the purpose of
27 granting vacations, whether by union contract or other reasons, must
28 not be construed to be a voluntary quit or a voluntary unemployment
29 on the part of the claimant.

30 (3) For purposes of determining good cause, the third-party
31 administrator may consider the reason provided in this title.

32 NEW SECTION. **Sec. 11.** (1) Benefits are due and payable under
33 this chapter only to the extent provided in this chapter and to the
34 extent that moneys are available in the funds distributed to the
35 third-party administrator from the Washington wage replacement
36 account created in section 3 of this act.

1 (2) The third-party administrator nor the department nor the
2 state are liable for any amount exceeding such sums.

3 NEW SECTION. **Sec. 12.** (1) If information provided to the
4 department or the third-party administrator by another governmental
5 agency is held private and confidential by state or federal laws,
6 neither the department nor the third-party administrator may release
7 such information.

8 (2) Information provided to the department or the third-party
9 administrator by another governmental entity conditioned upon the
10 privacy and confidentiality is to be held private and confidential
11 according to the agreement between the department or the third-party
12 administrator and other governmental entity.

13 NEW SECTION. **Sec. 13.** Any information or records concerning a
14 claimant or employing unit obtained by the department or the third-
15 party administrator pursuant to the administration of this chapter
16 must be private and confidential, except as otherwise provided in
17 this chapter. This chapter does not create a rule of evidence.
18 Information or records may only be released by the department or the
19 third-party administrator when the release is:

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

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

27 (3) Disclosed in a manner that could not be used to determine the
28 identities of the claimants or employers to whom the data pertains,
29 alone or in combination with other data.

30 NEW SECTION. **Sec. 14.** (1) In administering the program under
31 this chapter, the department and the third-party administrator are
32 prohibited from taking any of the following actions:

33 (a) Soliciting from the claimant, orally or in written form, a
34 claimant's nationality, race, ethnicity, place of birth, citizenship,
35 or immigration status;

36 (b) Indicating in its records which documents the claimant used
37 to prove the claimant's age or identity;

1 (c) Compelling a claimant to admit in writing whether the
2 claimant has proof of lawful presence in the United States or to
3 explain why the claimant is ineligible for a social security number;

4 (d) Contacting a claimant's current, former, or prospective
5 employers including, but not limited to, for the purposes of
6 verifying employment status; and

7 (e) Attempting to ascertain a claimant's immigration or
8 citizenship status, except to determine whether a claimant is
9 excluded from benefits under chapters 50.01 through 50.36 RCW and
10 potentially eligible for benefits under this chapter.

11 (2) The third-party administrator must destroy all records
12 containing information that were provided by a claimant or collected
13 by the department to verify eligibility for the program within 15
14 days of a claimant no longer using the program.

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

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

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

25 (c) If disclosed in a manner that could not be used to determine
26 the identities of the claimants or employers to whom the data
27 pertains, alone or in combination with other data.

28 (4) For the purposes of this section, whenever a lawful court
29 order, judicial warrant, or judicial subpoena for individual records
30 properly issued pursuant to the criminal procedure law or the civil
31 practice law and rules is presented to a court, only those records,
32 documents, and information specifically sought by such court order,
33 warrant, or subpoena may be disclosed.

34 (5) Notwithstanding any other law, information and records
35 containing information that are collected or obtained by the state,
36 any state agency, or any subdivision of the state, including agents
37 of the state universities and community colleges, in addition to any
38 private persons contracted to administer public services or programs,
39 must only be collected, used, and retained for the purpose of

1 assessing eligibility for and providing those public services and
2 programs created by this chapter.

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

7 NEW SECTION. **Sec. 15.** The third-party administrator must create
8 a process by which claimants can notify the administrator of payment
9 errors and for collection and forgiveness of such overpayments.

10 NEW SECTION. **Sec. 16.** Any assignment, pledge, or encumbrance of
11 any right to benefits under this chapter which are or may become due
12 or payable under this chapter must be void. Such rights to benefits
13 under this chapter must be exempt from levy, execution, attachment,
14 or any other remedy whatsoever provided for the collection of debts.
15 Benefits under this chapter received by any individual, so long as
16 they are not commingled with other funds of the recipient, must be
17 exempt from any remedy whatsoever for collection of all debts except
18 debts incurred for necessities furnished to such individual or their
19 spouse or dependents during the time when such individual was
20 unemployed. Any waiver of any exemption provided for in this section
21 must be void. Any agreement by an individual to waive, release, or
22 commute their rights to benefits or any other rights under this
23 chapter must be void.

24 NEW SECTION. **Sec. 17.** The department may adopt rules as
25 necessary to implement this chapter.

26 NEW SECTION. **Sec. 18.** The legislature reserves the right to
27 amend or repeal all or any part of this chapter at any time; and
28 there must be no vested private right of any kind against such
29 amendment or repeal. All the rights, privileges, or immunities
30 conferred by this chapter or by acts done pursuant thereto must exist
31 subject to the power of the legislature to amend or repeal this
32 chapter at any time.

33 **Sec. 19.** RCW 42.56.410 and 2019 c 81 s 10 and 2019 c 13 s 68 are
34 each reenacted and amended to read as follows:

1 The following information related to employment security is
2 exempt from disclosure under this chapter:

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

7 (2) Any inventory or data map records created under RCW
8 50.13.120(1)(b) that reveal the location of personal information or
9 the extent to which it is protected; and

10 (3) Any information or records maintained by the employment
11 security department or third-party administrator pursuant to chapter
12 50.--- RCW (the new chapter created in section 23 of this act)
13 except:

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

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

21 (c) If disclosed in a manner that could not be used to determine
22 the identities of the claimants or employers to whom the data
23 pertains, alone or in combination with other data.

24 **Sec. 20.** RCW 50.29.025 and 2022 c 61 s 1 and 2022 c 17 s 1 are
25 each reenacted and amended to read as follows:

26 (1) The contribution rate for each employer subject to
27 contributions under RCW 50.24.010 shall be the sum of the array
28 calculation factor rate and the graduated social cost factor rate
29 determined under this subsection(~~(, and the solvency surcharge~~
30 ~~determined under RCW 50.29.041, if any)).~~

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

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

1 (ii) Each employer in the array shall be assigned to one of forty
 2 rate classes according to his or her benefit ratio as follows, and,
 3 except as provided in RCW 50.29.026, the array calculation factor
 4 rate for each employer in the array shall be the rate specified in
 5 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 |
| 0.001250 | 0.002500 | 3 | 0.22 |
| 0.002500 | 0.003750 | 4 | 0.33 |
| 0.003750 | 0.005000 | 5 | 0.43 |
| 0.005000 | 0.006250 | 6 | 0.54 |
| 0.006250 | 0.007500 | 7 | 0.65 |
| 0.007500 | 0.008750 | 8 | 0.76 |
| 0.008750 | 0.010000 | 9 | 0.88 |
| 0.010000 | 0.011250 | 10 | 1.01 |
| 0.011250 | 0.012500 | 11 | 1.14 |
| 0.012500 | 0.013750 | 12 | 1.28 |
| 0.013750 | 0.015000 | 13 | 1.41 |
| 0.015000 | 0.016250 | 14 | 1.54 |
| 0.016250 | 0.017500 | 15 | 1.67 |
| 0.017500 | 0.018750 | 16 | 1.80 |
| 0.018750 | 0.020000 | 17 | 1.94 |
| 0.020000 | 0.021250 | 18 | 2.07 |
| 0.021250 | 0.022500 | 19 | 2.20 |
| 0.022500 | 0.023750 | 20 | 2.38 |
| 0.023750 | 0.025000 | 21 | 2.50 |
| 0.025000 | 0.026250 | 22 | 2.63 |
| 0.026250 | 0.027500 | 23 | 2.75 |
| 0.027500 | 0.028750 | 24 | 2.88 |
| 0.028750 | 0.030000 | 25 | 3.00 |

| | | | | |
|----|----------|----------|----|------|
| 1 | 0.030000 | 0.031250 | 26 | 3.13 |
| 2 | 0.031250 | 0.032500 | 27 | 3.25 |
| 3 | 0.032500 | 0.033750 | 28 | 3.38 |
| 4 | 0.033750 | 0.035000 | 29 | 3.50 |
| 5 | 0.035000 | 0.036250 | 30 | 3.63 |
| 6 | 0.036250 | 0.037500 | 31 | 3.75 |
| 7 | 0.037500 | 0.040000 | 32 | 4.00 |
| 8 | 0.040000 | 0.042500 | 33 | 4.25 |
| 9 | 0.042500 | 0.045000 | 34 | 4.50 |
| 10 | 0.045000 | 0.047500 | 35 | 4.75 |
| 11 | 0.047500 | 0.050000 | 36 | 5.00 |
| 12 | 0.050000 | 0.052500 | 37 | 5.15 |
| 13 | 0.052500 | 0.055000 | 38 | 5.25 |
| 14 | 0.055000 | 0.057500 | 39 | 5.30 |
| 15 | 0.057500 | | 40 | 5.40 |

16 (b) The graduated social cost factor rate shall be determined as
17 follows:

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

26 (B) (I) If, on the cut-off date, the balance in the unemployment
27 compensation fund is determined by the commissioner to be an amount
28 that will provide more than ten months of unemployment benefits, the
29 commissioner shall calculate the flat social cost factor for the rate
30 year immediately following the cut-off date by reducing the total
31 social cost by the dollar amount that represents the number of months
32 for which the balance in the unemployment compensation fund on the
33 cut-off date will provide benefits above ten months and dividing the
34 result by the total taxable payroll. However, the calculation under
35 this subsection (1) (b) (i) (B) for a rate year may not result in a flat
36 social cost factor that is more than four-tenths lower than the

1 calculation under (b)(i)(A) of this subsection for that rate year.
2 For rate year 2011 and thereafter, the calculation may not result in
3 a flat social cost factor that is more than one and twenty-two one-
4 hundredths percent except for rate year 2021 the calculation may not
5 result in a flat social cost factor that is more than five-tenths
6 percent, for rate year 2022 the calculation may not result in a flat
7 social cost factor that is more than five-tenths percent, for rate
8 year 2023 the calculation may not result in a flat social cost factor
9 that is more than seven-tenths percent, for rate year 2024 the
10 calculation may not result in a flat social cost factor that is more
11 than eighty-five one-hundredths percent, and for rate year 2025 the
12 calculation may not result in a flat social cost factor that is more
13 than nine-tenths percent.

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

21 (III) For the purposes of this subsection (1)(b), the
22 commissioner shall determine the number of months of unemployment
23 benefits in the unemployment compensation fund using the benefit cost
24 rate for the average of the three highest calendar benefit cost rates
25 in the twenty consecutive completed calendar years immediately
26 preceding the cut-off date or a period of consecutive calendar years
27 immediately preceding the cut-off date that includes three
28 recessions, if longer.

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

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

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

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

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

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

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

13 (VII) At least eighteen months of unemployment benefits, the
14 minimum shall be fifteen hundredths of one percent through rate year
15 2011 and shall be zero thereafter.

16 (ii) The graduated social cost factor rate for each employer in
17 the array is the flat social cost factor multiplied by the percentage
18 specified as follows for the rate class to which the employer has
19 been assigned in (a)(ii) of this subsection, except that the sum of
20 an employer's array calculation factor rate and the graduated social
21 cost factor rate may not exceed six percent or, for employers whose
22 North American industry classification system code is within "111,"
23 "112," "1141," "115," "3114," "3117," "42448," or "49312," may not
24 exceed five and four-tenths percent:

25 (A) Rate class 1 - 40 percent;

26 (B) Rate class 2 - 44 percent;

27 (C) Rate class 3 - 48 percent;

28 (D) Rate class 4 - 52 percent;

29 (E) Rate class 5 - 56 percent;

30 (F) Rate class 6 - 60 percent;

31 (G) Rate class 7 - 64 percent;

32 (H) Rate class 8 - 68 percent;

33 (I) Rate class 9 - 72 percent;

34 (J) Rate class 10 - 76 percent;

35 (K) Rate class 11 - 80 percent;

36 (L) Rate class 12 - 84 percent;

37 (M) Rate class 13 - 88 percent;

38 (N) Rate class 14 - 92 percent;

39 (O) Rate class 15 - 96 percent;

40 (P) Rate class 16 - 100 percent;

- 1 (Q) Rate class 17 - 104 percent;
- 2 (R) Rate class 18 - 108 percent;
- 3 (S) Rate class 19 - 112 percent;
- 4 (T) Rate class 20 - 116 percent; and
- 5 (U) Rate classes 21 through 40 - 120 percent.

6 (iii) For rate year 2023, for any employer with 10 or fewer
7 employees as reported on the employer's fourth quarter report to the
8 department for 2021 and whose rate class is greater than rate class
9 7, the employer's rate class, only for purposes of the rate classes
10 in (b) (ii) (A) through (U) of this subsection (1), is rate class 7.

11 (iv) For the purposes of this section:

12 (A) "Total social cost" means the amount calculated by
13 subtracting the array calculation factor contributions paid by all
14 employers with respect to the four consecutive calendar quarters
15 immediately preceding the computation date and paid to the employment
16 security department by the cut-off date from the total unemployment
17 benefits paid to claimants in the same four consecutive calendar
18 quarters.

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

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

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

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

37 (C) For an employer who enters an approved agency-deferred
38 payment contract after September 30th of the previous rate year, but
39 within thirty days of the date the department sent its first tax rate
40 notice, the array calculation factor rate shall be the rate it would

1 have been had the employer not been delinquent in payment plus an
2 additional one-half of one percent or, if the employer is delinquent
3 in payment for a second or more consecutive year, an additional one
4 and one-half percent;

5 (D) For an employer who enters an approved agency-deferred
6 payment contract as described in (c)(i)(B) or (C) of this subsection,
7 but who fails to make any one of the succeeding deferred payments or
8 fails to submit any succeeding tax report and payment in a timely
9 manner, the array calculation factor rate shall immediately revert to
10 the applicable array calculation factor rate under (c)(i)(A) of this
11 subsection; and

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

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

15 (i) The array calculation factor rate shall be a rate equal to
16 the average industry array calculation factor rate as determined by
17 the commissioner, multiplied by the history factor, but not less than
18 one percent or more than the array calculation factor rate in rate
19 class 40;

20 (ii) The social cost factor rate shall be a rate equal to the
21 average industry social cost factor rate as determined by the
22 commissioner, multiplied by the history factor, but not more than the
23 social cost factor rate assigned to rate class 40 under (b)(ii) of
24 this subsection; and

25 (iii) The history factor shall be based on the total amounts of
26 benefits charged and contributions paid in the three fiscal years
27 ending prior to the computation date by employers not qualified to be
28 in the array, other than employers in (c) of this subsection, who
29 were first subject to contributions in the calendar year ending three
30 years prior to the computation date. The commissioner shall calculate
31 the history ratio by dividing the total amount of benefits charged by
32 the total amount of contributions paid in this three-year period by
33 these employers. The division shall be carried to the second decimal
34 place with the remaining fraction disregarded unless it amounts to
35 five one-hundredths or more, in which case the second decimal place
36 shall be rounded to the next higher digit. The commissioner shall
37 determine the history factor according to the history ratio as
38 follows:

| | History | History |
|-----|----------|-----------|
| | Ratio | Factor |
| | | (percent) |
| | At least | Less than |
| (A) | .95 | 90 |
| (B) | .95 | 100 |
| (C) | 1.05 | 115 |

(2) 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 North American industry classification system code.

Sec. 21. RCW 50.29.041 and 2021 c 2 s 19 are each amended to read as follows:

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

~~((1))~~ (a) This section shall apply to employers ~~((contributions))~~ for a rate year immediately following a cut-off date only 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 fewer than seven months of unemployment benefits.

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

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

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

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

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

3 (b) For rate years beginning in 2028 and thereafter, the
4 commissioner shall determine the wage replacement program surcharge
5 at the lowest rate necessary to provide revenue during the applicable
6 rate year that will fund administration and benefits of the program
7 provided in sections 1 through 18 of this act; however, the total
8 combined rate of (b) of this subsection (2) and the rate provided in
9 RCW 50.24.014(1)(a) may not exceed eight one-hundredths of one
10 percent;

11 (c) Funds collected under this subsection (2) must be deposited
12 into the Washington wage replacement account created under section 3
13 of this act.

14 **Sec. 22.** RCW 50.24.014 and 2023 c 475 s 934 are each amended to
15 read as follows:

16 (1)(a) A separate and identifiable account to provide for the
17 financing of special programs to assist the unemployed is established
18 in the administrative contingency fund. All money in this account
19 shall be expended solely for the purposes of this title and for no
20 other purposes whatsoever, except as provided in subsection (4) of
21 this section. Contributions to this account shall accrue and become
22 payable by each employer, except employers as described in RCW
23 50.44.010 and 50.44.030 who have properly elected to make payments in
24 lieu of contributions, taxable local government employers as
25 described in RCW 50.44.035, and those employers who are required to
26 make payments in lieu of contributions, at a basic rate of (~~two~~)
27 one one-hundredths of one percent. The amount of wages subject to tax
28 shall be determined under RCW 50.24.010.

29 (b) A separate and identifiable account is established in the
30 administrative contingency fund for financing the employment security
31 department's administrative costs under RCW 50.22.150 and 50.22.155
32 and the costs under RCW 50.22.150(11) and 50.22.155 (1)(m) and
33 (2)(m). All money in this account shall be expended solely for the
34 purposes of this title and for no other purposes whatsoever.
35 Contributions to this account shall accrue and become payable by each
36 employer, except employers as described in RCW 50.44.010 and
37 50.44.030 who have properly elected to make payments in lieu of
38 contributions, taxable local government employers as described in RCW
39 50.44.035, those employers who are required to make payments in lieu

1 of contributions, those employers described under RCW
2 50.29.025(1)(d), and those qualified employers assigned rate class 20
3 or rate class 40, as applicable, under RCW 50.29.025, at a basic rate
4 of one one-hundredth of one percent. The amount of wages subject to
5 tax shall be determined under RCW 50.24.010. Any amount of
6 contributions payable under this subsection (1)(b) that exceeds the
7 amount that would have been collected at a rate of four one-
8 thousandths of one percent must be deposited in the account created
9 in (a) of this subsection.

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

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

19 (3) If the commissioner determines that federal funding has been
20 increased to provide financing for the services specified in chapter
21 50.62 RCW, the commissioner shall direct that collection of
22 contributions under this section be terminated on the following
23 January 1st.

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

29 NEW SECTION. **Sec. 23.** Sections 1 through 18 of this act
30 constitute a new chapter in Title 50 RCW.

31 NEW SECTION. **Sec. 24.** If any part of this act is found to be in
32 conflict with federal requirements that are a prescribed condition to
33 the allocation of federal funds to the state or the eligibility of
34 employers in this state for federal unemployment tax credits, the
35 conflicting part of this act is inoperative solely to the extent of
36 the conflict, and the finding or determination does not affect the
37 operation of the remainder of this act. Rules adopted under this act
38 must meet federal requirements that are a necessary condition to the

1 receipt of federal funds by the state or the granting of federal
2 unemployment tax credits to employers in this state.

--- **END** ---