
SUBSTITUTE SENATE BILL 5176

State of Washington

68th Legislature

2023 Regular Session

By Senate Labor & Commerce (originally sponsored by Senators Stanford, Billig, Keiser, and Van De Wege)

1 AN ACT Relating to unemployment insurance benefits for officers
2 of employee-owned cooperatives; amending RCW 50.04.310; creating a
3 new section; and providing an effective date.

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

5 **Sec. 1.** RCW 50.04.310 and 2013 c 66 s 1 are each amended to read
6 as follows:

7 (1) An individual:

8 (a) Is "unemployed" in any week during which the individual
9 performs no services and with respect to which no remuneration is
10 payable to the individual, or in any week of less than full time
11 work, if the remuneration payable to the individual with respect to
12 such week is less than one and one-third times the individual's
13 weekly benefit amount plus five dollars. The commissioner shall
14 prescribe regulations applicable to unemployed individuals making
15 such distinctions in the procedures as to such types of unemployment
16 as the commissioner deems necessary.

17 (b) Is not "unemployed" in any week which falls totally within a
18 period during which the individual, pursuant to a collective
19 bargaining agreement or individual employment contract, is employed
20 full time in accordance with a definition of full time contained in
21 the agreement or contract, and for which compensation for full time

1 work is payable. This subsection may not be applied retroactively to
2 an individual who had no guarantee of work at the start of such
3 period and subsequently is provided additional work by the employer.

4 (2) (a) An officer of a corporation who owns ten percent or more
5 of the outstanding stock of the corporation, or a corporate officer
6 who is a family member of an officer who owns ten percent or more of
7 the outstanding stock of the corporation, whose claim for benefits is
8 based on any wages with that corporation:

9 (i) Is not "unemployed" in any week during the individual's term
10 of office or ownership in the corporation, even if wages are not
11 being paid, unless the corporate officer's covered base year wages
12 with that corporation are less than twenty-five percent of his or her
13 total covered base year wages.

14 (ii) Is "unemployed" in any week upon dissolution of the
15 corporation or if the officer permanently resigns or is permanently
16 removed from their appointment and responsibilities with that
17 corporation in accordance with its articles of incorporation or
18 bylaws or if the corporate officer's covered base year wages with
19 that corporation are less than twenty-five percent of his or her
20 total covered base year wages.

21 (b) As used in this subsection (2), "family member" means persons
22 who are members of a family by blood or marriage as parents,
23 stepparents, grandparents, spouses, children, brothers, sisters,
24 stepchildren, adopted children, or grandchildren.

25 (3) Subsection (2) (a) of this section does not apply to officers
26 of an employee cooperative corporation organized under chapter 23.78
27 RCW, a cooperative association organized under chapter 23.86 RCW, or
28 a limited cooperative association organized under chapter 23.100 RCW.
29 For purposes of subsection (1) (a) of this section, an officer of an
30 employee cooperative corporation organized under chapter 23.78 RCW, a
31 cooperative association organized under chapter 23.86 RCW, or a
32 limited cooperative association organized under chapter 23.100 RCW
33 will not be considered to be performing services by acting only as an
34 officer for the entity.

35 NEW SECTION. **Sec. 2.** If any part of this act is found to be in
36 conflict with federal requirements that are a prescribed condition to
37 the allocation of federal funds to the state or the eligibility of
38 employers in this state for federal unemployment tax credits, the
39 conflicting part of this act is inoperative solely to the extent of

1 the conflict, and the finding or determination does not affect the
2 operation of the remainder of this act. Rules adopted under this act
3 must meet federal requirements that are a necessary condition to the
4 receipt of federal funds by the state or the granting of federal
5 unemployment tax credits to employers in this state.

6 NEW SECTION. **Sec. 3.** This act takes effect January 1, 2024.

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