S-1631.1

# SUBSTITUTE SENATE BILL 5292

**State of Washington 69th Legislature 2025 Regular Session**

**By** Senate Labor & Commerce (originally sponsored by Senators Conway, Saldaña, Cortes, Nobles, Salomon, and C. Wilson)

AN ACT Relating to paid family and medical leave rates; amending RCW 50A.10.030 and 50A.05.050; and providing an effective date.

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

**Sec. 1.** RCW 50A.10.030 and 2023 c 116 s 1 are each amended to read as follows:

(1) The department shall assess for each individual in employment with an employer and for each individual electing coverage a premium based on the amount of the individual's wages subject to subsection (4) of this section.

(2) The commissioner shall determine the percentage of paid claims related to family leave benefits and the percentage of paid claims related to medical leave benefits and set the family leave premium and the medical leave premium by applying the proportional share of paid claims for each type of leave to the total premium rate set in subsection (6) of this section.

(3)(a) For family leave premiums, an employer may deduct from the wages of each employee up to the full amount of the premium required.

(b) For medical leave premiums, an employer may deduct from the wages of each employee up to 45 percent of the full amount of the premium required.

(c) An employer may elect to pay all or any portion of the employee's share of the premium for family leave or medical leave benefits, or both.

(4) The commissioner must annually set a maximum limit on the amount of wages that is subject to a premium assessment under this section that is equal to the maximum wages subject to taxation for social security as determined by the social security administration.

(5)(a) Employers with fewer than 50 employees employed in the state are not required to pay the employer portion of premiums for family and medical leave.

(b) If an employer with fewer than 50 employees elects to pay the premiums, the employer is then eligible for assistance under RCW 50A.24.010.

(6)(a) ((~~On or around October 20th of each year,~~)) Annually, the commissioner must ((~~calculate the total premium rate as follows:~~

~~(i) Calculate an amount that equals 140 percent of the prior fiscal year's expenses, including the total amount of benefits paid and the department's administrative costs;~~

~~(ii) Subtract the balance of the family and medical leave insurance account created in RCW 50A.05.070 as of September 30th from the amount determined in (a)(i) of this subsection (6); and~~

((~~(iii) Divide the difference in (a)(ii) of this subsection (6) by the prior fiscal year's taxable wages. The quotient must be carried to the fourth decimal place and then rounded up to the nearest one hundredth of one percent~~)) set the total premium rate based on the annual report provided pursuant to RCW 50A.05.050 from the office of actuarial services created in RCW 50A.05.130.

(b) ((~~The commissioner must set the total premium rate at the rate calculated in (a) of this subsection (6) subject to the following conditions:~~

~~(i) If the commissioner determines the total premium rate calculated in (a) of this subsection exceeds a rate necessary to maintain a three-month reserve at the end of the following rate collection year, the commissioner must set the total premium rate at the minimum rate necessary to close the rate collection year with a three-month reserve; and~~

~~(ii)~~)) The total premium rate must not exceed 1.20 percent.

((~~(c) For the purposes of this subsection (6):~~

~~(i) "Taxable wages" means the total amount of wages subject to a premium assessment under this section for all individuals in employment with an employer and all individuals electing coverage.~~

~~(ii) "Three-month reserve" means the average monthly expenses, including the total amount of benefits paid and the department's administrative costs, in the prior 12 calendar months from the date of the calculation in this subsection multiplied by three.~~))

(7)(a) The employer must collect from the employees the premiums provided under this section through payroll deductions and remit the amounts collected to the department.

(b) In collecting employee premiums through payroll deductions, the employer shall act as the agent of the employees and shall remit the amounts to the department as required by this title.

(c) On September 30th of each year, the department shall average the number of employees reported by an employer over the last four completed calendar quarters to determine the size of the employer for the next calendar year for the purposes of this section and RCW 50A.24.010.

(8) Premiums shall be collected in the manner and at such intervals as provided in this title and directed by the department.

(9) Premiums collected under this section are placed in trust for the employees and employers that the program is intended to assist.

(10) A city, code city, town, county, or political subdivision may not enact a charter, ordinance, regulation, rule, or resolution:

(a) Creating a paid family or medical leave insurance program that alters or amends the requirements of this title for any private employer;

(b) Providing for local enforcement of the provisions of this title; or

(c) Requiring private employers to supplement duration of leave or amount of wage replacement benefits provided under this title.

**Sec. 2.** RCW 50A.05.050 and 2022 c 233 s 7 are each amended to read as follows:

(1) Beginning December 1, 2020, and annually thereafter, the department shall report to the legislature on the entire program, including:

(a) Projected and actual program participation;

(b) Premium rates;

(c) Fund balances;

(d) Benefits paid;

(e) Demographic information on program participants, including income, gender, race, ethnicity, geographic distribution by county and legislative district, and employment sector;

(f) Costs of providing benefits;

(g) Elective coverage participation;

(h) Voluntary plan participation;

(i) Outreach efforts; and

(j) Small business assistance.

(2)(a) Beginning January 1, 2023, the office of actuarial services created in RCW 50A.05.130 must annually report((~~, by November 1st,~~)) to the advisory committee in RCW 50A.05.030 on the experience and financial condition of the family and medical leave insurance account, and the lowest future premium rates necessary to ((~~maintain~~)):

(i) Maintain solvency of the family and medical leave insurance account in the next four years while limiting fluctuation in premium rates; and

(ii) By the end of rate collection year 2030 and each year thereafter, close the rate collection year with a three-month reserve.

(b) For calendar years 2023 through 2028, the annual reports in (a) of this subsection must be submitted to the appropriate committees of the legislature in compliance with RCW 43.01.036.

(c) For the purposes of this subsection (2), "three-month reserve" means the average monthly expenses, including the total amount of benefits paid and the department's administrative costs, using actuarial projection for the following calendar year, multiplied by three.

(3) Beginning October 1, 2023, the department must report quarterly to the advisory committee in RCW 50A.05.030 on premium collections, benefit payments, the family and medical leave insurance account balance, and other program expenditures.

NEW SECTION. **Sec. 3.** This act takes effect January 1, 2027.

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