Agency: Employment Security Department

Subject of possible rule making: Adopting and amending rules to implement the portions of ESSB 5373 (Chapter 146, Laws of 2007) regarding professional employer organizations (PEOs) and client employers. The subject includes how unemployment insurance relates to PEOs and client employers.

Statutes authorizing the agency to adopt rules on this subject: RCW 50.12.010 and RCW 50.12.040.

Reasons why rules on this subject may be needed and what they might accomplish: Rules are needed for implementation of ESSB 5373 (Ch. 146, L 07), primarily sections 9 to 17. The statute provides generally for registration and taxation of PEOs and client employers for purposes of unemployment insurance.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: The U.S. Department of Labor reviews the state's administration of the unemployment insurance program to ensure conformity to federal statutes and regulations. The state has broad flexibility in the implementation of unemployment insurance laws as long as conformity is maintained. The proposed regulations will be shared with USDOL prior to adoption. In addition, proposed regulations will be shared with the state Department of Revenue and Department of Labor and Industries, both of which may regulate PEOs and client employers for purposes other than unemployment insurance.

Process for developing new rule (check all that apply):
- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe) The department will hold public meetings to obtain and consider public and stakeholder input prior to filing the proposed rules. In addition, there will be a mailing to stakeholders identified in the rulemaking process and written comments from stakeholders will be considered.

How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:

Interested persons can participate in the decision to adopt the new rules and formulation of the proposed rules before publication by contacting:
Juanita Myers, Unemployment Insurance Rules Coordinator
Employment Security Department
PO Box 9046
Olympia WA 98507-9046
Phone: (360) 902-9665
FAX: (360) 902-9799
E-mail: jmyers@esd.wa.gov

Please include your name, organization (if any), mailing address, e-mail address, and telephone number.

DATE: 5/22/07

NAME (TYPE OR PRINT): Paul Trause

SIGNATURE: [Signature]

TITLE: Deputy Commissioner