PROPOSED RULE MAKING

Agency: Employment Security Department

☐ Preproposal Statement of Inquiry was filed as WSR 07-11-164 ; or
☐ Expedited Rule Making--Proposed notice was filed as WSR ______________; or
☐ Proposal is exempt under RCW 34.05.310(4).

Title of rule and other identifying information: (Describe Subject) Adopting new rules, and amending existing rules, within Chapter 192-300 WAC, relating to professional employer organizations (PEOs). Topics include definition of terms; requirements for PEOs, including those related to registration and notification to the department, payment of taxes, providing documentation of authority to act on behalf of client employer(s), and maintenance of and access to records; tax rates for PEOs and their client employers; enforcement, penalties, and collection of taxes owed by a client employer; and prohibiting joint accounts by a PEO, a third-party payer, or a common paymaster.

Hearing location(s):
Employment Security Department
Maple Leaf Conference Room, 2nd Floor
212 Maple Park
Olympia, Washington

Date: November 8, 2007 Time: 8:30 a.m.

Date of intended adoption: November 20, 2007
(Note: This is NOT the effective date)

Submit written comments to:
Name: Pamela Ames, ESD Rules Coordinator
Address: Employment Security Department
PO Box 9046, Olympia WA 98506
e-mail: pames@esd.wa.gov
fax: (360) 902-9799 by (date) November 7, 2007

Assistance for persons with disabilities: Contact
Beverly Peterson by November 7, 2007
TTY: (360) 902-9569 or (360) 902-9234

Purpose of the proposal and its anticipated effects, including any changes in existing rules: The proposed rules will implement sections 9 through 17 of ESSB 5373 (C 146, L 07). The legislation requires PEOs to register with the department for unemployment insurance purposes, ensure their client employers are registered, file tax reports and payments on behalf of their client employers, maintain records that are available to the department for inspection, and sets penalties for PEOs that do not comply with the registration requirements. The proposed rules provide notice to the public as to how the department interprets and plans to implement the legislative changes.

Reasons supporting proposal: The department does not currently have any rules regulating PEOs and their client employers. The proposed rules are necessary to clarify terms and outline how the department will implement the legislation.

Statutory authority for adoption: RCW 50.12.010 and RCW 50.12.040.

Is rule necessary because of a:
Federal Law?
Federal Court Decision?
State Court Decision?
If yes, CITATION: No

Statute being implemented: Chapter 146, Laws of 2007, sections 9 through 17

CODE REVISER USE ONLY

DATE 10-2-07
NAME (type or print) Paul Trause
SIGNATURE
TITLE Deputy Commissioner

(COMPLETE REVERSE SIDE)
Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:
None.

| Name of proponent: (person or organization) Employment Security Department |
| Public | Governmental |

| Name of agency personnel responsible for: | Office Location | Phone |
| Drafting............. Art Wang | 212 Maple Park, Olympia | (360) 902-9587 |
| Implementation.....Nan Thomas | 212 Maple Park, Olympia | (360) 902-9303 |
| Enforcement........ Nan Thomas | 212 Maple Park, Olympia | (360) 902-9303 |

**Has a small business economic impact statement been prepared under chapter 19.85 RCW?**

☐ Yes. Attach copy of small business economic impact statement.

A copy of the statement may be obtained by contacting:
Name: 
Address: 

phone ( )
fax ( )
e-mail 

☐ No. Explain why no statement was prepared.
The proposed rules will not impose more than minor costs on businesses, nor will there be a disproportionate impact on small business. Further, business costs associated with these rules are the result of the underlying legislation.

**Is a cost-benefit analysis required under RCW 34.05.328?**

☐ Yes
A preliminary cost-benefit analysis may be obtained by contacting:
Name: Juanita Myers, UI Rules Coordinator
Address: Employment Security Department
PO Box 9046
Olympia WA 98506

phone (360) 902-9665
fax (360) 902-9799
e-mail myersjg.csd.wa.gov

☐ No: Please explain: