Engage PEO Client Alert

Implementation of Washington CARES Act Delayed

What's New: Washington State lawmakers **delayed implementation of the Washington CARES Act until July 1, 2023**. The Act, which established the first state-run long-term insurance program, initially required employers to begin collecting 0.58% of employee pay as contributions to the Washington Cares Fund from employees without an approved exemption as of January 1, 2022.

Why It Matters: The new amendments to the Act, enacted on January 26, 2022, require employers to:

- **Stop making 0.58% WA CARES payroll tax deductions** from employee earnings immediately. In anticipation of this delay, Engage suppressed any payroll tax deductions that would otherwise be collected from our clients' employees. Note: employer obligations to collect premiums under the state's Paid Medical Leave Program remain in force.

- **Reimburse employees for any premiums deducted** since January 1, 2022 within 120 days of the date the premium was collected. Any premiums that were previously collected and subsequently remitted to the Employment Security Department (ESD), the agency tasked with administering the program, will be refunded to employers within 120 days of the remittance. Once refunded, those premiums must be reimbursed to employees as soon as possible. Since Engage did not make these deductions on behalf of our clients, no refunds are due to any employees.

- **Continue to maintain copies of all exemption approval letters** received thus far from employees who obtained exemptions from the ESD.

- Assuming there are no further changes to the law, **resume collection of premiums from employees on July 1, 2023**, at which point employees must contribute $0.58 per $100 of earnings into the WA CARES fund through mandatory payroll deduction.

Other key changes to the Act include:

- Workers near retirement (defined as those born before 1968) will be able to qualify for partial benefits on a pro-rated basis.
- Workers who live out of state and work in Washington, military spouses, workers on non-immigrant visas, and certain veterans with disabilities will be able to opt out of the program if they choose.

Other amendments to the law and revised employer guidelines from ESD are anticipated in the coming months. Engage PEO will continue to monitor for any updates.

If you have any questions about this alert or other HR-related matters, please reach out to your Engage Human Resources Consultant.