On January 27, 2022, Governor Jay Inslee signed two bills that delay implementation of the Washington Cares Act, which created a payroll tax to support Washington residents with the costs of long-term care. The new bills came after legislative leaders announced an intention to delay premium collections for the Washington Cares Fund in December 2021 and to clarify employer obligations under the act. The delay will allow legislators more time to address the concerns that led to recent
court challenges and a citizens’ initiative with the goal of improving the program.

**The New Laws**

*House Bill (HB) 1732* delays implementation of the Washington Cares Act, including employers’ obligation to deduct premiums from employee pay, until July 1, 2023. The act requires employers of Washington employees to collect a 0.58 percent payroll tax from all employees, and collections were previously set to begin on January 1, 2022. Under the new law, any premiums already collected from Washington employees in 2022 are to be refunded within 120 days of being collected.

Under *HB 1733*, the Employment Security Department will begin accepting and approving applications for voluntary exemptions on January 1, 2023. These exemptions exceed those available under the act as originally enacted and will allow individuals who already have coverage or who are not likely to receive benefits to permanently opt out. Importantly, military spouses, employees with nonimmigrant visas, and employees who reside in another state but work in Washington may request an exemption from the premium deductions.

**What Does This Mean for Employers With Washington Employees?**

Due to the implementation delay, employers currently are not required to collect premiums for the Washington Cares Fund from their Washington employees. For employers that started collecting the payroll tax premiums from their Washington employees on January 1, 2022, *HB 1732* requires those employers to refund any collected premiums to the employees.


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