

NEW SECTION

**WAC 296-17A-2103 Classification 2103.**

**2103-00 Fulfillment centers**

Applies to businesses engaged in operating facilities called fulfillment centers. Fulfillment centers in this rule are defined as businesses that:

- Have an online marketplace to sell their own merchandise and third-party sellers' merchandise;
- Sell their own name brand merchandise retail online;
- Offer warehousing and order fulfillment services for third-party sellers;
- Use automated vehicles and robotics within the facility;
- Emphasize quick timelines and monitor employees for speed; and
- Offer same-day or two-day delivery options.

These businesses store, sell, and ship a wide variety of goods. Types of goods for sale may include, but are not limited to:

- Appliances;
- Arts/crafts/sewing;
- Automotive;
- Baby products;
- Beauty products;
- Cell phones and accessories;
- Clothing, shoes and jewelry;
- Collectibles and fine art;
- Computers;
- Electronics;
- Grocery/gourmet foods;
- Home and kitchen;
- Health and personal care;
- Industrial and scientific;
- Office products;
- Pet supplies;
- Patio, lawn and garden;
- Sports and outdoors;
- Tools and home improvement;
- Toys and games.

**Operations may include, but are not limited to:**

- Customer service centers;
- Logistic operations, coordinating customer orders with the closest fulfillment center and planning transportation needs;
- Warehouses - Pick, pack, and ship customer orders. Some warehouses may be specifically for large items like furniture;
- Sortation centers - Customer orders are sorted by final destination and consolidated on to trucks for faster delivery;
- Specialty centers - Designed for specific item categories or for seasonal use;
- Receiving centers - Take in large orders of types of inventory expected to sell quickly and allocating to other locations;
- Third-party vendor services - Services include order, payment, and returns processing. Fulfillment centers also offer warehousing and order fulfillment to third-party sellers;
- Specialized, automated or mechanized tools or equipment or systems - Used to speed sorting or delivery or processing including, but not limited to, robotic vehicles, or mechanized equipment.

**Work activities may include, but are not limited to:**

- Using automated or mechanized tools, equipment, systems or vehicles and/or robotics;
- Unpacking and inspecting incoming goods;
- Placing goods in storage and recording their location;
- Quality assurance;
- Picking goods from computer recorded locations to make up an individual shipment;
- Sorting and packing orders;
- Shipping.

**Equipment and machinery may include, but are not limited to:**

- Bins;
- Forklifts;
- Computer devices;
- Conveyors;
- Handheld scanners;
- Mailing machines;
- Packing machines;
- Robots (small and large);
- Trucks or vans.

**Special Notes:**

• This classification differs from subclassification 2102-00 Warehouses in that businesses in subclassification 2102-00 store merchandise that they do not own, usually store merchandise for long periods of time, and do not fulfill orders placed by individual retail customers.

• This classification differs from classification 6407 Wholesale stores in that businesses in classification 2103 meet the definition of "fulfillment centers" at the beginning of this rule and businesses in classification 6407 do not meet all of the criteria to be classified as fulfillment centers.

**Exclusions:**

• Delivery drivers (other than those involved in transferring inventory between facilities owned by the business) are reported separately in classification 1101;

• Warehouse operations that store products for others, do not own any of the products being stored, and are not in the business of selling the goods they store are classified in 2102;

• Businesses selling a specific category of goods are classified in the store classification applicable to the products sold;

• Wholesale distributors that do not operate automated and robotic fulfillment centers that sell both retail and wholesale of products for themselves as well as third-party vendors are classified in 6407.

**WAC 296-17A-2102 Classification 2102.**

**2102-00 Warehouses - General merchandise**

Applies to establishments operating as warehouses for general merchandise. This merchandise belongs to a customer and is usually stored for long periods of time. Products typically involved are bulk, nonperishable materials which might include, but not be limited to:

- Coffee;
- Dry cement;
- Potatoes;
- Rice.

Work contemplated by this classification includes, but is not limited to:

- Maintaining the facility;
- Moving merchandise within the facility;
- Recordkeeping;
- Routine maintenance;
- Security.

Equipment and machinery used includes:

- Cleaning and recordkeeping supplies;
- Forklifts;
- Pallet jacks;
- Shop vehicles.

This classification excludes:

- Delivery drivers who are to be reported separately in classification 1102;
- Businesses that meet the criteria for the definition of fulfillment centers in classification 2103 are classified in 2103;
- Wholesale dealers who operate a warehouse for storage of their own product which is to be reported separately in the classification applicable to the product being sold;
- Warehousing of household furnishings by a moving and storage company which is to be reported separately in classification 6907;
- Cold storage plants which are to be reported separately in classification 4401;
- Ministorage warehousing which is to be reported separately in classification 4910;
- Field bonded warehouses which are to be reported separately in classification 2008;
- Warehousing of a manufacturer's own product which is to be reported separately in the manufacturing classification applicable to the work being performed.

**Special note:** Even though this type of operation may handle some "grocery" products, it differs from 2102-11 in that the products being handled in 2102-00 are in bulk packaging (not cases of consumer-size packages), do not belong to the business that is warehousing them, and are not intended for sale to a wholesaler/retailer.

**2102-04 Recycle, collection and receiving stations; rags, bottles, paper and metal container dealers, N.O.C.**

Applies to establishments engaged in the collection of used paper, aluminum, tin, glass, and plastic for the purpose of selling the material to another business that will recycle/remanufacture it into new products. These facilities normally acquire material by placing

collection bins at various remote locations, operating a drop-off center (this phase of the business is known in the trade as a "buy back center"). This classification includes dealers of rags, bottles, paper and metal containers not covered by another classification (N.O.C.). Work contemplated by this classification includes, but is not limited to:

- Sorting material;
- Operating various pieces of equipment used to crush, reduce, wash, and bale material;
- Weighing containers;
- Paying customers for receipt of items that have a redemption value by the pound or piece ("buying back");
- Operating shop or yard vehicles.

Machinery and equipment includes, but is not limited to:

- Balers;
- Can crushers;
- Collection bins;
- Forklifts;
- Shredders;
- Rolloff trucks to handle the collection bins;
- Shop or yard vehicles;
- Weigh scales.

This classification excludes:

- All trucking outside of the yard which is to be reported separately in classification 1102;
- Businesses that meet the criteria for the definition of fulfillment centers in classification 2103 are classified in 2103;
- Establishments engaged in collecting, sorting and reducing scrap metal such as junk dealers, scrap metal dealers or processors, which also receive glass, paper, plastic, etc., which are to be reported separately in classification 0604; and
- Establishments engaged in collecting used computer equipment for recycling which may be reported in classification 4107.

**Special note:** Classification 2102-04 should not be assigned to an employer who also operates a business subject to classification 4305-18 (Garbage, refuse or ashes collecting) without careful review and an on-site survey. Most garbage collecting businesses have some type of "recycle" program as part of their normal operations in an effort to sort and reduce the amount of waste that goes to landfills and this is considered an inclusion.

### **2102-11 Grocery, fruit or produce distributors - Wholesale or combined wholesale and retail**

Applies to establishments engaged in the wholesale, or wholesale/retail, distribution of a variety of grocery items, fruit and produce. A business in this classification buys products from the manufacturer and sells to retail grocery stores, restaurants, and similar businesses. Grocery items may include, but not be limited to:

- Beverages;
- Dairy products;
- Frozen foods;
- Household cleaning supplies;
- Packaged foods;
- Paper products;
- Personal care items.

Work contemplated by this classification includes, but is not limited to:

- Breakdown of merchandise into smaller lots;
- Incidental repackaging;
- Maintaining the facility;
- Moving merchandise within the facility;
- Recordkeeping;
- Security;
- Unloading deliveries.

Equipment and machinery includes, but is not limited to:

- Forklifts;
- Pallet jacks;
- Strapping and shrink wrapping equipment;
- Vehicles.

This classification excludes:

- Delivery drivers who are to be reported separately in classification 1101;

- Businesses that meet the criteria for the definition of fulfillment centers in classification 2103 are classified in 2103;

- Any general merchandise warehouse operations in which the operator of the warehouse does not own the merchandise being handled and it is in bulk quantities, which is to be reported separately in classification 2102-00;

- Cold storage plants handling food products which are to be reported separately in classification 4401;

- Operations specializing in vegetable/fruit packing for wholesale distribution which are to be reported separately in classification 2104;

- Operations specializing in wholesale distribution of beer, wine, ale or soft drinks which are to be reported separately in classification 2105;

- Field bonded warehouses which are to be reported separately in classification 2008; and

- The warehousing of a manufacturer's own product which is to be reported separately in the manufacturing classification applicable to the work being performed.

### **2102-28 Wool or cotton merchants**

Applies to establishments operating as wool or cotton merchants. Merchants subject to this classification buy raw wool or cotton from others, do incidental sorting, grading and repackaging, and sell the product to another business for use as a raw material to make products such as yarn, thread or fabric. Work contemplated by this classification includes, but is not limited to:

- Hand sorting the product by grade (quality);
- Maintaining the facility;
- Moving merchandise within the facility;
- Repackaging;
- Recordkeeping;
- Security;
- Unloading deliveries.

Equipment and machinery includes, but is not limited to:

- Forklifts;
- Pallet jacks;
- Repackaging equipment;
- Vehicles.

This classification excludes:

- Drivers who are to be reported separately in classification 1102;

- Wholesale dealers of a finished wool or cotton product which are to be reported separately in the classification applicable to the product; and
- The warehousing of a manufacturer's own product which is to be reported separately in the manufacturing classification applicable to the work being performed.

AMENDATORY SECTION (Amending WSR 19-11-109, filed 5/21/19, effective 7/1/19)

**WAC 296-17A-6407 Classification 6407.**

**6407-00 Wholesale stores, N.O.C. - Including combined wholesale and retail store operations**

Applies to establishments engaged in the wholesale, or combined wholesale and retail sales of merchandise that is not covered by another classification (N.O.C.). Establishments subject to classification 6407 usually own the merchandise they sell, but may also be marketing goods on consignment, in which case classification 6407 still applies because the exposure and processes are the same. This classification is primarily the wholesale counterpart (supplier) for establishments assigned to retail store classification 6305, 6406, and 6411.

Classification 6407 also applies to retail stores with high volume warehouse and distribution facilities without the normal exposures associated with a retail store.

Work contemplated by classification 6407 includes, but is not limited to, maintaining warehouse inventories, sorting and grading goods, and breaking down bulk quantities to repackage into smaller lots. Equipment typically used includes, but is not limited to:

- Balers to bind merchandise into bundles;
- Strapping equipment to secure palletized goods;
- Forklifts; and
- Hand tools.

This classification excludes:

- Delivery which is to be reported separately in classification 1101;

- Businesses that meet the criteria for the definition of fulfillment centers in classification 2103 are classified in 2103;

- Large high volume sales operations where retail customers select and carry out the goods they purchase, which are reported in the classification applicable to the merchandise sold.

**Special notes:** When assigning classification 6407, care must be exercised to look beyond the words "wholesale" or "retail." The manufacturer of a product will also "wholesale" their merchandise (or a combination of their own merchandise and finished products bought from other manufacturers) to a customer. These sales are an integral part of the manufacturing/marketing process and is an inclusion in the manufacturing classification. Establishments that buy goods, such as clothing or cloth goods, in wholesale quantities, then screen print or embroider them for resale are performing manufacturing operations and are to be reported separately in the appropriate manufacturing classification.

Warehouse operations in classification 2102, with the exception of grocery dealers, do not own the product they are warehousing and are not in the business of selling the goods they store. Businesses in classification 6407 may operate a warehouse, but only as an integral part of the wholesaling/distribution process, which is included in classification 6407.

NEW SECTION

**WAC 296-17-89509 Classification 2103.**

**Fulfillment centers rate  
Effective January 1, 2021**

<b>Class</b>	<b>Accident Fund</b>	<b>Stay at Work</b>	<b>Medical Aid Fund</b>	<b>Supplemental Pension Fund</b>
2103	1.3620	0.0209	0.6532	0.1372