

ASSEMBLY, No. 1503

STATE OF NEW JERSEY 213th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2008 SESSION

Sponsored by:

Assemblyman JOHN J. BURZICHELLI

District 3 (Salem, Cumberland and Gloucester)

Assemblyman NELSON T. ALBANO

District 1 (Cape May, Atlantic and Cumberland)

SYNOPSIS

Provides triggers for reductions of employer unemployment insurance taxes.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



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2

1 AN ACT concerning employer contributions to the unemployment
2 compensation fund and amending R.S.43:21-7.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. R.S.43:21-7 is amended to read as follows:

8 43:21-7. Contributions. Employers other than governmental
9 entities, whose benefit financing provisions are set forth in section 4
10 of P.L.1971, c.346 (C.43:21-7.3), and those nonprofit organizations
11 liable for payment in lieu of contributions on the basis set forth in
12 section 3 of P.L.1971, c.346 (C.43:21-7.2), shall pay to the
13 controller for the unemployment compensation fund, contributions
14 as set forth in subsections (a), (b) and (c) hereof, and the provisions
15 of subsections (d) and (e) shall be applicable to all employers,
16 consistent with the provisions of the "unemployment compensation
17 law" and the "Temporary Disability Benefits Law," P.L.1948, c.110
18 (C.43:21-25 et seq.).

19 (a) Payment.

20 (1) Contributions shall accrue and become payable by each
21 employer for each calendar year in which he is subject to this
22 chapter (R.S.43:21-1 et seq.), with respect to having individuals in
23 his employ during that calendar year, at the rates and on the basis
24 hereinafter set forth. Such contributions shall become due and be
25 paid by each employer to the controller for the fund, in accordance
26 with such regulations as may be prescribed, and shall not be
27 deducted, in whole or in part, from the remuneration of individuals
28 in his employ.

29 (2) In the payment of any contributions, a fractional part of a
30 cent shall be disregarded unless it amounts to \$0.005 or more, in
31 which case it shall be increased to \$0.01.

32 (b) Rate of contributions. Each employer shall pay the
33 following contributions:

34 (1) For the calendar year 1947, and each calendar year
35 thereafter, 2 7/10% of wages paid by him during each such calendar
36 year, except as otherwise prescribed by subsection (c) of this
37 section.

38 (2) The "wages" of any individual, with respect to any one
39 employer, as the term is used in this subsection (b) and in
40 subsections (c), (d) and (e) of this section 7, shall include the first
41 \$4,800.00 paid during calendar year 1975, for services performed
42 either within or without this State; provided that no contribution
43 shall be required by this State with respect to services performed in
44 another state if such other state imposes contribution liability with
45 respect thereto. If an employer (hereinafter referred to as a

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 successor employer) during any calendar year acquires substantially
2 all the property used in a trade or business of another employer
3 (hereinafter referred to as a predecessor), or used in a separate unit
4 of a trade or business of a predecessor, and immediately after the
5 acquisition employs in his trade or business an individual who
6 immediately prior to the acquisition was employed in the trade or
7 business of such predecessors, then, for the purpose of determining
8 whether the successor employer has paid wages with respect to
9 employment equal to the first \$4,800.00 paid during calendar year
10 1975, any wages paid to such individual by such predecessor during
11 such calendar year and prior to such acquisition shall be considered
12 as having been paid by such successor employer.

13 (3) For calendar years beginning on and after January 1, 1976,
14 the "wages" of any individual, as defined in the preceding
15 paragraph (2) of this subsection (b), shall be established and
16 promulgated by the Commissioner of Labor and Workforce
17 Development on or before September 1 of the preceding year and
18 shall be, 28 times the Statewide average weekly remuneration paid
19 to workers by employers, as determined under R.S.43:21-3(c),
20 raised to the next higher multiple of \$100.00 if not already a
21 multiple thereof, provided that if the amount of wages so
22 determined for a calendar year is less than the amount similarly
23 determined for the preceding year, the greater amount will be used;
24 provided, further, that if the amount of such wages so determined
25 does not equal or exceed the amount of wages as defined in
26 subsection (b) of section 3306 of the Federal Unemployment Tax
27 Act, Chapter 23 of the Internal Revenue Code of 1986 (26 U.S.C.
28 s.3306(b)), the wages as determined in this paragraph in any
29 calendar year shall be raised to equal the amount established under
30 the Federal Unemployment Tax Act for that calendar year.

31 (c) Future rates based on benefit experience.

32 (1) A separate account for each employer shall be maintained
33 and this shall be credited with all the contributions which he has
34 paid on his own behalf on or before January 31 of any calendar year
35 with respect to employment occurring in the preceding calendar
36 year; provided, however, that if January 31 of any calendar year
37 falls on a Saturday or Sunday, an employer's account shall be
38 credited as of January 31 of such calendar year with all the
39 contributions which he has paid on or before the next succeeding
40 day which is not a Saturday or Sunday. But nothing in this chapter
41 (R.S.43:21-1 et seq.) shall be construed to grant any employer or
42 individuals in his service prior claims or rights to the amounts paid
43 by him into the fund either on his own behalf or on behalf of such
44 individuals. Benefits paid with respect to benefit years
45 commencing on and after January 1, 1953, to any individual on or
46 before December 31 of any calendar year with respect to
47 unemployment in such calendar year and in preceding calendar

1 years shall be charged against the account or accounts of the
2 employer or employers in whose employment such individual
3 established base weeks constituting the basis of such benefits,
4 except that, with respect to benefit years commencing after January
5 4, 1998, an employer's account shall not be charged for benefits
6 paid to a claimant if the claimant's employment by that employer
7 was ended in any way which, pursuant to subsection (a), (b), (c),
8 (f), (g) or (h) of R.S.43:21-5, would have disqualified the claimant
9 for benefits if the claimant had applied for benefits at the time when
10 that employment ended. Benefits paid under a given benefit
11 determination shall be charged against the account of the employer
12 to whom such determination relates. When each benefit payment is
13 made, either a copy of the benefit check or other form of
14 notification shall be promptly sent to the employer against whose
15 account the benefits are to be charged. Such copy or notification
16 shall identify the employer against whose account the amount of
17 such payment is being charged, shall show at least the name and
18 social security account number of the claimant and shall specify the
19 period of unemployment to which said check applies. If the total
20 amount of benefits paid to a claimant and charged to the account of
21 the appropriate employer exceeds 50% of the total base year, base
22 week wages paid to the claimant by that employer, then such
23 employer shall have canceled from his account such excess benefit
24 charges as specified above.

25 Each employer shall be furnished an annual summary statement
26 of benefits charged to his account.

27 (2) Regulations may be prescribed for the establishment,
28 maintenance, and dissolution of joint accounts by two or more
29 employers, and shall, in accordance with such regulations and upon
30 application by two or more employers to establish such an account,
31 or to merge their several individual accounts in a joint account,
32 maintain such joint account as if it constituted a single employer's
33 account.

34 (3) No employer's rate shall be lower than 5.4% unless
35 assignment of such lower rate is consistent with the conditions
36 applicable to additional credit allowance for such year under section
37 3303(a)(1) of the Internal Revenue Code of 1986 (26 U.S.C.
38 s.3303(a)(1)), any other provision of this section to the contrary
39 notwithstanding.

40 (4) Employer Reserve Ratio. (A) Each employer's rate shall be
41 $2 \frac{8}{10}\%$, except as otherwise provided in the following provisions.
42 No employer's rate for the 12 months commencing July 1 of any
43 calendar year shall be other than $2 \frac{8}{10}\%$, unless as of the
44 preceding January 31 such employer shall have paid contributions
45 with respect to wages paid in each of the three calendar years
46 immediately preceding such year, in which case such employer's
47 rate for the 12 months commencing July 1 of any calendar year

1 shall be determined on the basis of his record up to the beginning of
2 such calendar year. If, at the beginning of such calendar year, the
3 total of all his contributions, paid on his own behalf, for all past
4 years exceeds the total benefits charged to his account for all such
5 years, his contribution rate shall be:

6 (1) $2\frac{5}{10}\%$, if such excess equals or exceeds 4%, but less than
7 5%, of his average annual payroll (as defined in paragraph (2),
8 subsection (a) of R.S.43:21-19);

9 (2) $2\frac{2}{10}\%$, if such excess equals or exceeds 5%, but is less
10 than 6%, of his average annual payroll;

11 (3) $1\frac{9}{10}\%$, if such excess equals or exceeds 6%, but is less
12 than 7%, of his average annual payroll;

13 (4) $1\frac{6}{10}\%$, if such excess equals or exceeds 7%, but is less
14 than 8%, of his average annual payroll;

15 (5) $1\frac{3}{10}\%$, if such excess equals or exceeds 8%, but is less
16 than 9%, of his average annual payroll;

17 (6) 1%, if such excess equals or exceeds 9%, but is less than
18 10%, of his average annual payroll;

19 (7) $\frac{7}{10}$ of 1%, if such excess equals or exceeds 10%, but is less
20 than 11%, of his average annual payroll;

21 (8) $\frac{4}{10}$ of 1%, if such excess equals or exceeds 11% of his
22 average annual payroll.

23 (B) If the total of an employer's contributions, paid on his own
24 behalf, for all past periods for the purposes of this paragraph (4), is
25 less than the total benefits charged against his account during the
26 same period, his rate shall be:

27 (1) 4%, if such excess is less than 10% of his average annual
28 payroll;

29 (2) $4\frac{3}{10}\%$, if such excess equals or exceeds 10%, but is less
30 than 20%, of his average annual payroll;

31 (3) $4\frac{6}{10}\%$, if such excess equals or exceeds 20% of his
32 average annual payroll.

33 (C) Specially assigned rates.

34 (i) If no contributions were paid on wages for employment in
35 any calendar year used in determining the average annual payroll of
36 an employer eligible for an assigned rate under this paragraph (4),
37 the employer's rate shall be specially assigned as follows:

38 if the reserve balance in its account is positive, its assigned rate
39 shall be the highest rate in effect for positive balance accounts for
40 that period, or 5.4%, whichever is higher, and

41 if the reserve balance in its account is negative, its assigned rate
42 shall be the highest rate in effect for deficit accounts for that period.

43 (ii) If, following the purchase of a corporation with little or no
44 activity, known as a corporate shell, the resulting employing unit
45 operates a new or different business activity, the employing unit
46 shall be assigned a new employer rate.

1 (iii) Entities operating under common ownership, management
2 or control, when the operation of the entities is not identifiable,
3 distinguishable and severable, shall be considered a single employer
4 for the purposes of this chapter (R.S. 43:21-1 et seq.).

5 (D) The contribution rates prescribed by subparagraphs (A) and
6 (B) of this paragraph (4) shall be increased or decreased in
7 accordance with the provisions of paragraph (5) of this subsection
8 (c) for experience rating periods through June 30, 1986.

9 (5) (A) Unemployment Trust Fund Reserve Ratio. If on March
10 31 of any calendar year the balance in the unemployment trust fund
11 equals or exceeds 4% but is less than 7% of the total taxable wages
12 reported to the controller as of that date in respect to employment
13 during the preceding calendar year, the contribution rate, effective
14 July 1 following, of each employer eligible for a contribution rate
15 calculation based upon benefit experience, shall be increased by
16 $\frac{3}{10}$ of 1% over the contribution rate otherwise established under
17 the provisions of paragraph (3) or (4) of this subsection. If on
18 March 31 of any calendar year the balance of the unemployment
19 trust fund exceeds $2\frac{1}{2}\%$ but is less than 4% of the total taxable
20 wages reported to the controller as of that date in respect to
21 employment during the preceding calendar year, the contribution
22 rate, effective July 1 following, of each employer eligible for a
23 contribution rate calculation based upon benefit experience, shall be
24 increased by $\frac{6}{10}$ of 1% over the contribution rate otherwise
25 established under the provisions of paragraph (3) or (4) of this
26 subsection.

27 If on March 31 of any calendar year the balance of the
28 unemployment trust fund is less than $2\frac{1}{2}\%$ of the total taxable
29 wages reported to the controller as of that date in respect to
30 employment during the preceding calendar year, the contribution
31 rate, effective July 1 following, of each employer (1) eligible for a
32 contribution rate calculation based upon benefit experience, shall be
33 increased by (i) $\frac{6}{10}$ of 1% over the contribution rate otherwise
34 established under the provisions of paragraph (3), (4)(A) or (4)(B)
35 of this subsection, and (ii) an additional amount equal to 20% of the
36 total rate established herein, provided, however, that the final
37 contribution rate for each employer shall be computed to the nearest
38 multiple of $\frac{1}{10}\%$ if not already a multiple thereof; (2) not eligible
39 for a contribution rate calculation based upon benefit experience,
40 shall be increased by $\frac{6}{10}$ of 1% over the contribution rate
41 otherwise established under the provisions of paragraph (4) of this
42 subsection. For the period commencing July 1, 1984 and ending
43 June 30, 1986, the contribution rate for each employer liable to pay
44 contributions under R.S.43:21-7 shall be increased by a factor of
45 10% computed to the nearest multiple of $\frac{1}{10}\%$ if not already a
46 multiple thereof.

1 (B) If on March 31 of any calendar year the balance in the
2 unemployment trust fund equals or exceeds 10% but is less than 12
3 1/2% of the total taxable wages reported to the controller as of that
4 date in respect to employment during the preceding calendar year,
5 the contribution rate, effective July 1 following, of each employer
6 eligible for a contribution rate calculation based upon benefit
7 experience, shall be reduced by 3/10 of 1% under the contribution
8 rate otherwise established under the provisions of paragraphs (3)
9 and (4) of this subsection; provided that in no event shall the
10 contribution rate of any employer be reduced to less than 4/10 of
11 1%. If on March 31 of any calendar year the balance in the
12 unemployment trust fund equals or exceeds 12 1/2% of the total
13 taxable wages reported to the controller as of that date in respect to
14 employment during the preceding calendar year, the contribution
15 rate, effective July 1 following, of each employer eligible for a
16 contribution rate calculation based upon benefit experience, shall be
17 reduced by 6/10 of 1% if his account for all past periods reflects an
18 excess of contributions paid over total benefits charged of 3% or
19 more of his average annual payroll, otherwise by 3/10 of 1% under
20 the contribution rate otherwise established under the provisions of
21 paragraphs (3) and (4) of this subsection; provided that in no event
22 shall the contribution rate of any employer be reduced to less than
23 4/10 of 1%.

24 (C) The "balance" in the unemployment trust fund, as the term is
25 used in subparagraphs (A) and (B) above, shall not include moneys
26 credited to the State's account under section 903 of the Social
27 Security Act, as amended (42 U.S.C.s.1103), during any period in
28 which such moneys are appropriated for the payment of expenses
29 incurred in the administration of the "unemployment compensation
30 law."

31 (D) Prior to July 1 of each calendar year the controller shall
32 determine the Unemployment Trust Reserve Ratio, which shall be
33 calculated by dividing the balance of the unemployment trust fund
34 as of the prior March 31 by total taxable wages reported to the
35 controller by all employers as of March 31 with respect to their
36 employment during the last calendar year.

37 (E) (i) (Deleted by amendment, P.L.1997, c.263).

38 (ii) (Deleted by amendment, P.L.2001, c.152).

39 (iii) (Deleted by amendment, P.L.2003, c.107).

40 (iv) (Deleted by amendment, P.L.2004, c.45).

41 (v) **【**With respect to the experience rating year beginning on
42 July 1, 2003, the new employer rate or the unemployment
43 experience rate of an employer under this section shall be the rate
44 which appears in the column headed by the Unemployment Trust
45 Fund Reserve Ratio as of the applicable calculation date and on the
46 line with the Employer Reserve Ratio, as defined in paragraph 4 of

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1 this subsection (R.S.43:21-7 (c)(4)), as set forth in the following
2 table:

EXPERIENCE RATING TAX TABLE

	Fund Reserve Ratio ¹				
	2.50%	2.00%	1.50%	1.00%	0.99%
Employer	and	to	to	to	and
Reserve	Over	2.49%	1.99%	1.49%	Under
Ratio ²	A	B	C	D	E
9 Positive Reserve Ratio:					
10 17% and over	0.3	0.4	0.5	0.6	1.2
11 16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
12 15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
13 14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
14 13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
15 12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
16 11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
17 10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
18 9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
19 8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
20 7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
21 6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
22 5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
23 4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
24 3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
25 2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
26 1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
27 0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
28 Deficit Reserve Ratio:					
29 -0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
30 -3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
31 -6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
32 -9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4
33 -12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5
34 -15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6
35 -20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7
36 -25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8
37 -30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9
38 -35.00% and under	5.4	5.4	5.8	6.4	7.0
39 New Employer Rate	2.8	2.8	2.8	3.1	3.4

40 ¹Fund balance as of March 31 as a percentage of taxable wages
41 in the prior calendar year.

42 ²Employer Reserve Ratio (Contributions minus benefits as a
43 percentage of employer's taxable wages). (Deleted by amendment,
44 P.L. _____, c. _____)

45 (vi) With respect to experience rating years beginning on or
46 after July 1, 2004, the new employer rate or the unemployment
47 experience rate of an employer under this section shall be the rate

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1 which appears in the column headed by the Unemployment Trust
 2 Fund Reserve Ratio as of the applicable calculation date and on the
 3 line with the Employer Reserve Ratio, as defined in paragraph 4 of
 4 this subsection (R.S.43:21-7 (c)(4)), as set forth in the following
 5 table:

EXPERIENCE RATING TAX TABLE

	Fund Reserve Ratio ¹					
	1.40% and Over A	1.00% to 1.39% B	0.75% to 0.99% C	0.50% to 0.74% D	0.49% and Under E	
6	Fund Reserve Ratio ¹					
8		1.40%	1.00%	0.75%	0.50%	0.49%
9	Employer	and	to	to	to	and
10	Reserve	Over	1.39%	0.99%	0.74%	Under
11	Ratio ²	A	B	C	D	E
12	Positive Reserve Ratio:					
13	17% and over	0.3	0.4	0.5	0.6	1.2
14	16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
15	15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
16	14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
17	13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
18	12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
19	11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
20	10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
21	9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
22	8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
23	7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
24	6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
25	5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
26	4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
27	3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
28	2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
29	1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
30	0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
31	Deficit Reserve Ratio:					
32	-0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
33	-3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
34	-6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
35	-9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4
36	-12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5
37	-15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6
38	-20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7
39	-25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8
40	-30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9
41	-35.00% and under	5.4	5.4	5.8	6.4	7.0
42	New Employer Rate	2.8	2.8	2.8	3.1	3.4

43 ¹Fund balance as of March 31 as a percentage of taxable wages
 44 in the prior calendar year.

45 ²Employer Reserve Ratio (Contributions minus benefits as a
 46 percentage of employer's taxable wages).

47 (F) (i) (Deleted by amendment, P.L.1997, c.263).

1 (ii) **【**With respect to experience rating years beginning on or
2 after July 1, 1997, if the fund reserve ratio, based on the fund
3 balance as of the prior March 31, is less than 1.00%, the
4 contribution rate for each employer liable to pay contributions, as
5 computed under subparagraph (E) of this paragraph (5), shall be
6 increased by a factor of 10% computed to the nearest multiple of
7 1/10% if not already a multiple thereof.**】** (Deleted by amendment,
8 P.L. , c.).

9 (iii) With respect to experience rating years beginning on or
10 after July 1, 2004, if the fund reserve ratio, based on the fund
11 balance as of the prior March 31, is less than 0.50%, the
12 contribution rate for each employer liable to pay contributions, as
13 computed under subparagraph (E) of this paragraph (5), shall be
14 increased by a factor of 10% computed to the nearest multiple of
15 1/10% if not already a multiple thereof.

16 (G) On or after January 1, 1993, notwithstanding any other
17 provisions of this paragraph (5), the contribution rate for each
18 employer liable to pay contributions, as computed under
19 subparagraph (E) of this paragraph (5), shall be decreased by 0.1%,
20 except that, during any experience rating year starting before
21 January 1, 1998 in which the fund reserve ratio is equal to or greater
22 than 7.00% or during any experience rating year starting on or after
23 January 1, 1998, in which the fund reserve ratio is equal to or
24 greater than 3.5%, there shall be no decrease pursuant to this
25 subparagraph (G) in the contribution of any employer who has a
26 deficit reserve ratio of negative 35.00% or under.

27 (H) **【**On or after January 1, 1993 until December 31, 1993,
28 notwithstanding any other provisions of this paragraph (5), the
29 contribution rate for each employer liable to pay contributions, as
30 computed under subparagraph (E) of this paragraph (5), shall be
31 decreased by a factor of 52.0% computed to the nearest multiple of
32 1/10%, except that, if an employer has a deficit reserve ratio of
33 negative 35.0% or under, the employer's rate of contribution shall
34 not be reduced pursuant to this subparagraph (H) to less than 5.4%.
35 The amount of the reduction in the employer contributions
36 stipulated by this subparagraph (H) shall be in addition to the
37 amount of the reduction in the employer contributions stipulated by
38 subparagraph (G) of this paragraph (5), except that the rate of
39 contribution of an employer who has a deficit reserve ratio of
40 negative 35.0% or under shall not be reduced pursuant to this
41 subparagraph (H) to less than 5.4% and the rate of contribution of
42 any other employer shall not be reduced to less than 0.0%. On or
43 after January 1, 1994 until December 31, 1995, except as provided
44 pursuant to subparagraph (I) of this paragraph (5), notwithstanding
45 any other provisions of this paragraph (5), the contribution rate for
46 each employer liable to pay contributions, as computed under
47 subparagraph (E) of this paragraph (5), shall be decreased by a

1 factor of 36.0% computed to the nearest multiple of 1/10%, except
2 that, if an employer has a deficit reserve ratio of negative 35.0% or
3 under, the employer's rate of contribution shall not be reduced
4 pursuant to this subparagraph (H) to less than 5.4%. The amount of
5 the reduction in the employer contributions stipulated by this
6 subparagraph (H) shall be in addition to the amount of the reduction
7 in the employer contributions stipulated by subparagraph (G) of this
8 paragraph (5), except that the rate of contribution of an employer
9 who has a deficit reserve ratio of negative 35.0% or under shall not
10 be reduced pursuant to this subparagraph (H) to less than 5.4% and
11 the rate of contribution of any other employer shall not be reduced
12 to less than 0.0%.

13 On or after April 1, 1996 until December 31, 1996, the
14 contribution rate for each employer liable to pay contributions, as
15 computed under subparagraph (E) of this paragraph (5), shall be
16 decreased by a factor of 25.0% computed to the nearest multiple of
17 1/10%, except that, if an employer has a deficit reserve ratio of
18 negative 35.0% or under, the employer's rate of contribution shall
19 not be reduced pursuant to this subparagraph (H) to less than 5.4%.
20 The amount of the reduction in the employer contributions
21 stipulated by this subparagraph (H) shall be in addition to the
22 amount of the reduction in the employer contributions stipulated by
23 subparagraph (G) of this paragraph (5), except that the rate of
24 contribution of an employer who has a deficit reserve ratio of
25 negative 35.0% or under shall not be reduced pursuant to this
26 subparagraph (H) to less than 5.4% and the rate of contribution of
27 any other employer shall not be reduced to less than 0.0%.

28 On or after January 1, 1997 until December 31, 1997, the
29 contribution rate for each employer liable to pay contributions, as
30 computed under subparagraph (E) of this paragraph (5), shall be
31 decreased by a factor of 10.0% computed to the nearest multiple of
32 1/10%, except that, if an employer has a deficit reserve ratio of
33 negative 35.0% or under, the employer's rate of contribution shall
34 not be reduced pursuant to this subparagraph (H) to less than 5.4%.
35 The amount of the reduction in the employer contributions
36 stipulated by this subparagraph (H) shall be in addition to the
37 amount of the reduction in the employer contributions stipulated by
38 subparagraph (G) of this paragraph (5), except that the rate of
39 contribution of an employer who has a deficit reserve ratio of
40 negative 35.0% or under shall not be reduced pursuant to this
41 subparagraph (H) to less than 5.4% and the rate of contribution of
42 any other employer shall not be reduced to less than 0.0%.
43 (Deleted by amendment, P.L. _____, c. _____)

44 On and after January 1, 1998 until December 31, 2000 and on or
45 after January 1, 2002 until June 30, 2006, the contribution rate for
46 each employer liable to pay contributions, as computed under
47 subparagraph (E) of this paragraph (5), shall be decreased by a

1 factor, as set out below, computed to the nearest multiple of 1/10%,
2 except that, if an employer has a deficit reserve ratio of negative
3 35.0% or under, the employer's rate of contribution shall not be
4 reduced pursuant to this subparagraph (H) to less than 5.4%:

5 From January 1, 1998 until December 31, 1998, a factor of 12%;
6 From January 1, 1999 until December 31, 1999, a factor of 10%;
7 From January 1, 2000 until December 31, 2000, a factor of 7%;
8 From January 1, 2002 until March 31, 2002, a factor of 36%;
9 From April 1, 2002 until June 30, 2002, a factor of 85%;
10 From July 1, 2002 until June 30, 2003, a factor of 15%;
11 From July 1, 2003 until June 30, 2004, a factor of 15%;
12 From July 1, 2004 until June 30, 2005, a factor of 7%;
13 From July 1, 2005 until December 31, 2005, a factor of 16%; and
14 From January 1, 2006 until June 30, 2006, a factor of 34%.

15 The amount of the reduction in the employer contributions
16 stipulated by this subparagraph (H) shall be in addition to the
17 amount of the reduction in the employer contributions stipulated by
18 subparagraph (G) of this paragraph (5), except that the rate of
19 contribution of an employer who has a deficit reserve ratio of
20 negative 35.0% or under shall not be reduced pursuant to this
21 subparagraph (H) to less than 5.4% and the rate of contribution of
22 any other employer shall not be reduced to less than 0.0%.

23 (I) [If the fund reserve ratio decreases to a level of less than
24 4.00% on March 31 of calendar year 1994 or calendar year 1995,
25 the provisions of subparagraph (H) of this paragraph (5) shall cease
26 to be in effect as of July 1 of that calendar year.

27 If, upon calculating the unemployment compensation fund
28 reserve ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March 31,
29 1997, March 31, 1998 or March 31, 1999, the controller finds that
30 the fund reserve ratio has decreased to a level of less than 3.00%,
31 the Commissioner of Labor and Workforce Development shall
32 notify the State Treasurer of this fact and of the dollar amount
33 necessary to bring the fund reserve ratio up to a level of 3.00%.
34 The State Treasurer shall, prior to March 31, 1997, March 31, 1998
35 or March 31, 1999, as applicable, transfer from the General Fund to
36 the unemployment compensation fund, revenues in the amount
37 specified by the commissioner and which, upon deposit in the
38 unemployment compensation fund, shall result, upon recalculation,
39 in a fund reserve ratio used to determine employer contributions
40 beginning July 1, 1997, July 1, 1998, July 1, 1999, as applicable, of
41 at least 3.00%. If, upon calculating the unemployment
42 compensation fund reserve ratio pursuant to R.S.43:21-7(c)(5)(D)
43 prior to March 31, 2000, the controller finds that the fund reserve
44 ratio has decreased to a level of less than 3.00%, the Commissioner
45 of Labor and Workforce Development shall notify the State
46 Treasurer of this fact and of the dollar amount necessary to bring
47 the fund reserve ratio up to a level of 3.00%. The State Treasurer

1 shall, prior to March 31, 2000, transfer from the General Fund to
2 the unemployment compensation fund, revenues in the amount
3 specified by the commissioner and which, upon deposit in the
4 unemployment compensation fund, shall result, upon recalculation,
5 in a fund reserve ratio used to determine employer contributions
6 beginning July 1, 2000 of at least 3.00%.] (Deleted by amendment,
7 P.L. _____, c. _____)

8 (J) On or after July 1, 2001, notwithstanding any other
9 provisions of this paragraph (5), the contribution rate for each
10 employer liable to pay contributions, as computed under
11 subparagraph (E) of this paragraph (5), shall be decreased by
12 0.0175%, except that, during any experience rating year starting on
13 or after July 1, 2001, in which the fund reserve ratio is equal to or
14 greater than 3.5%, there shall be no decrease pursuant to this
15 subparagraph (J) in the contribution of any employer who has a
16 deficit reserve ratio of negative 35.00% or under. The amount of the
17 reduction in the employer contributions stipulated by this
18 subparagraph (J) shall be in addition to the amount of the reduction
19 in the employer contributions stipulated by subparagraphs (G) and
20 (H) of this paragraph (5), except that the rate of contribution of an
21 employer who has a deficit reserve ratio of negative 35.0% or under
22 shall not be reduced pursuant to this subparagraph (J) to less than
23 5.4% and the rate of contribution of any other employer shall not be
24 reduced to less than 0.0%.

25 (K) With respect to experience rating years beginning on or after
26 July 1, 2007, if the fund reserve ratio, based on the fund balance as
27 of the prior March 31, is:

28 (1) Equal to or greater than 5.00% but less than 7.5%, the
29 contribution rate for each employer liable to pay contributions, as
30 computed under subparagraph (E) of this paragraph (5), shall be
31 reduced by a factor of 25% computed to the nearest multiple of
32 1/10% if not already a multiple thereof except that there shall be no
33 decrease pursuant to this subparagraph (K) in the contribution of
34 any employer who has a deficit reserve ratio of 35.00% or under.

35 (2) Equal to or greater than 7.5% but less than 10.0%, the
36 contribution rate for each employer liable to pay contributions, as
37 computed under subparagraph (E) of this paragraph (5), shall be
38 reduced by a factor of 50% computed to the nearest multiple of
39 1/10% if not already a multiple thereof except that there shall be no
40 decrease pursuant to this subparagraph (K) in the contribution of
41 any employer who has a deficit reserve ratio of 35.00% or under.

42 (6) Additional contributions.

43 Notwithstanding any other provision of law, any employer who
44 has been assigned a contribution rate pursuant to subsection (c) of
45 this section for the year commencing July 1, 1948, and for any year
46 commencing July 1 thereafter, may voluntarily make payment of
47 additional contributions, and upon such payment shall receive a

1 recomputation of the experience rate applicable to such employer,
2 including in the calculation the additional contribution so made,
3 except that, following a transfer as described under R.S.43:21-
4 7(c)(7)(D), neither the predecessor nor successor in interest shall be
5 eligible to make a voluntary payment of additional contributions
6 during the year the transfer occurs and the next full calendar year.
7 Any such additional contribution shall be made during the 30-day
8 period following the date of the mailing to the employer of the
9 notice of his contribution rate as prescribed in this section, unless,
10 for good cause, the time for payment has been extended by the
11 controller for not to exceed an additional 60 days; provided that in
12 no event may such payments which are made later than 120 days
13 after the beginning of the year for which such rates are effective be
14 considered in determining the experience rate for the year in which
15 the payment is made. Any employer receiving any extended period
16 of time within which to make such additional payment and failing
17 to make such payment timely shall be, in addition to the required
18 amount of additional payment, liable for a penalty of 5% thereof or
19 \$5.00, whichever is greater, not to exceed \$50.00. Any adjustment
20 under this subsection shall be made only in the form of credits
21 against accrued or future contributions.

22 (7) Transfers.

23 (A) Upon the transfer of the organization, trade or business, or
24 substantially all the assets of an employer to a successor in interest,
25 whether by merger, consolidation, sale, transfer, descent or
26 otherwise, the controller shall transfer the employment experience
27 of the predecessor employer to the successor in interest, including
28 credit for past years, contributions paid, annual payrolls, benefit
29 charges, et cetera, applicable to such predecessor employer,
30 pursuant to regulation, if it is determined that the employment
31 experience of the predecessor employer with respect to the
32 organization, trade, assets or business which has been transferred
33 may be considered indicative of the future employment experience
34 of the successor in interest. The successor in interest may, within
35 four months of the date of such transfer of the organization, trade,
36 assets or business, or thereafter upon good cause shown, request a
37 reconsideration of the transfer of employment experience of the
38 predecessor employer. The request for reconsideration shall
39 demonstrate, to the satisfaction of the controller, that the
40 employment experience of the predecessor is not indicative of the
41 future employment experience of the successor.

42 (B) An employer who transfers part of his or its organization,
43 trade, assets or business to a successor in interest, whether by
44 merger, consolidation, sale, transfer, descent or otherwise, may
45 jointly make application with such successor in interest for transfer
46 of that portion of the employment experience of the predecessor
47 employer relating to the portion of the organization, trade, assets or

1 business transferred to the successor in interest, including credit for
2 past years, contributions paid, annual payrolls, benefit charges, et
3 cetera, applicable to such predecessor employer. The transfer of
4 employment experience may be allowed pursuant to regulation only
5 if it is found that the employment experience of the predecessor
6 employer with respect to the portion of the organization, trade,
7 assets or business which has been transferred may be considered
8 indicative of the future employment experience of the successor in
9 interest. Credit shall be given to the successor in interest only for
10 the years during which contributions were paid by the predecessor
11 employer with respect to that part of the organization, trade, assets
12 or business transferred.

13 (C) A transfer of the employment experience in whole or in part
14 having become final, the predecessor employer thereafter shall not
15 be entitled to consideration for an adjusted rate based upon his or its
16 experience or the part thereof, as the case may be, which has thus
17 been transferred. A successor in interest to whom employment
18 experience or a part thereof is transferred pursuant to this
19 subsection shall, as of the date of the transfer of the organization,
20 trade, assets or business, or part thereof, immediately become an
21 employer if not theretofore an employer subject to this chapter
22 (R.S.43:21-1 et seq.).

23 (D) If an employer who transfers in whole or in part his or its
24 organization, trade, assets or business to a successor in interest,
25 whether by merger, consolidation, sale, transfer, descent or
26 otherwise and both the employer and successor in interest are at the
27 time of the transfer under common ownership, management or
28 control, then the employment experience attributable to the
29 transferred business shall also be transferred to and combined with
30 the employment experience of the successor in interest. The
31 transfer of the employment experience is mandatory and not subject
32 to appeal or protest.

33 (E) The transfer of part of an employer's employment experience
34 to a successor in interest shall become effective as of the first day of
35 the calendar quarter following the acquisition by the successor in
36 interest. As of the effective date, the successor in interest shall
37 have its employer rate recalculated by merging its existing
38 employment experience, if any, with the employment experience
39 acquired. If the successor in interest is not an employer as of the
40 date of acquisition, it shall be assigned the new employer rate until
41 the effective date of the transfer of employment experience.

42 (F) Upon the transfer in whole or in part of the organization,
43 trade, assets or business to a successor in interest, the employment
44 experience shall not be transferred if the successor in interest is not
45 an employer at the time of the acquisition and the controller finds
46 that the successor in interest acquired the business solely or
47 primarily for the purpose of obtaining a lower rate of contributions.

1 (d) Contributions of workers to the unemployment
2 compensation fund and the State disability benefits fund.

3 (1) (A) For periods after January 1, 1975, each worker shall
4 contribute to the fund 1% of his wages with respect to his
5 employment with an employer, which occurs on and after January
6 1, 1975, after such employer has satisfied the condition set forth in
7 subsection (h) of R.S.43:21-19 with respect to becoming an
8 employer; provided, however, that such contributions shall be at the
9 rate of 1/2 of 1% of wages paid with respect to employment while
10 the worker is in the employ of the State of New Jersey, or any
11 governmental entity or instrumentality which is an employer as
12 defined under R.S.43:21-19(h)(5), or is covered by an approved
13 private plan under the "Temporary Disability Benefits Law" or
14 while the worker is exempt from the provisions of the "Temporary
15 Disability Benefits Law" under section 7 of that law, P.L.1948,
16 c.110 (C.43:21-31).

17 (B) Effective January 1, 1978 there shall be no contributions by
18 workers in the employ of any governmental or nongovernmental
19 employer electing or required to make payments in lieu of
20 contributions unless the employer is covered by the State plan under
21 the "Temporary Disability Benefits Law" (C.43:21-25 et seq.), and
22 in that case contributions shall be at the rate of 1/2 of 1%, except
23 that commencing July 1, 1986, workers in the employ of any
24 nongovernmental employer electing or required to make payments
25 in lieu of contributions shall be required to make contributions to
26 the fund at the same rate prescribed for workers of other
27 nongovernmental employers.

28 (C) (i) Notwithstanding the above provisions of this paragraph
29 (1), during the period starting July 1, 1986 and ending December
30 31, 1992, each worker shall contribute to the fund 1.125% of wages
31 paid with respect to his employment with a governmental employer
32 electing or required to pay contributions or nongovernmental
33 employer, including a nonprofit organization which is an employer
34 as defined under R.S.43:21-19(h)(6), regardless of whether that
35 nonprofit organization elects or is required to finance its benefit
36 costs with contributions to the fund or by payments in lieu of
37 contributions, after that employer has satisfied the conditions set
38 forth in subsection R.S.43:21-19(h) with respect to becoming an
39 employer. Contributions, however, shall be at the rate of 0.625%
40 while the worker is covered by an approved private plan under the
41 "Temporary Disability Benefits Law" while the worker is exempt
42 under section 7 of that law, P.L.1948, c.110 (C.43:21-31) or any
43 other provision of that law; provided that such contributions shall
44 be at the rate of 0.625% of wages paid with respect to employment
45 with the State of New Jersey or any other governmental entity or
46 instrumentality electing or required to make payments in lieu of
47 contributions and which is covered by the State plan under the

1 "Temporary Disability Benefits Law," except that, while the worker
2 is exempt from the provisions of the "Temporary Disability Benefits
3 Law" under section 7 of that law, P.L.1948, c.110 (C.43:21-31) or
4 any other provision of that law, or is covered for disability benefits
5 by an approved private plan of the employer, the contributions to
6 the fund shall be 0.125%.

7 (ii) (Deleted by amendment, P.L.1995, c.422.)

8 (D) Notwithstanding any other provisions of this paragraph (1),
9 during the period starting January 1, 1993 and ending June 30,
10 1994, each worker shall contribute to the unemployment
11 compensation fund 0.5% of wages paid with respect to the worker's
12 employment with a governmental employer electing or required to
13 pay contributions or nongovernmental employer, including a
14 nonprofit organization which is an employer as defined under
15 paragraph (6) of subsection (h) of R.S.43:21-19, regardless of
16 whether that nonprofit organization elects or is required to finance
17 its benefit costs with contributions to the fund or by payments in
18 lieu of contributions, after that employer has satisfied the conditions
19 set forth in subsection (h) of R.S.43:21-19 with respect to becoming
20 an employer. No contributions, however, shall be made by the
21 worker while the worker is covered by an approved private plan
22 under the "Temporary Disability Benefits Law," P.L.1948, c.110
23 (C.43:21-25 et seq.) or while the worker is exempt under section 7
24 of P.L.1948, c.110 (C.43:21-31) or any other provision of that law;
25 provided that the contributions shall be at the rate of 0.50% of
26 wages paid with respect to employment with the State of New
27 Jersey or any other governmental entity or instrumentality electing
28 or required to make payments in lieu of contributions and which is
29 covered by the State plan under the "Temporary Disability Benefits
30 Law," except that, while the worker is exempt from the provisions
31 of the "Temporary Disability Benefits Law" under section 7 of that
32 law, P.L.1948, c.110 (C.43:21-31) or any other provision of that
33 law, or is covered for disability benefits by an approved private plan
34 of the employer, no contributions shall be made to the fund.

35 Each worker shall, starting on January 1, 1996 and ending March
36 31, 1996, contribute to the unemployment compensation fund
37 0.60% of wages paid with respect to the worker's employment with
38 a governmental employer electing or required to pay contributions
39 or nongovernmental employer, including a nonprofit organization
40 which is an employer as defined under paragraph (6) of subsection
41 (h) of R.S.43:21-19, regardless of whether that nonprofit
42 organization elects or is required to finance its benefit costs with
43 contributions to the fund or by payments in lieu of contributions,
44 after that employer has satisfied the conditions set forth in
45 subsection (h) of R.S.43:21-19 with respect to becoming an
46 employer, provided that the contributions shall be at the rate of
47 0.10% of wages paid with respect to employment with the State of

1 New Jersey or any other governmental entity or instrumentality
2 electing or required to make payments in lieu of contributions.

3 Each worker shall, starting on January 1, 1998 and ending
4 December 31, 1998, contribute to the unemployment compensation
5 fund 0.10% of wages paid with respect to the worker's employment
6 with a governmental employer electing or required to pay
7 contributions or nongovernmental employer, including a nonprofit
8 organization which is an employer as defined under paragraph (6)
9 of subsection (h) of R.S.43:21-19, regardless of whether that
10 nonprofit organization elects or is required to finance its benefit
11 costs with contributions to the fund or by payments in lieu of
12 contributions, after that employer has satisfied the conditions set
13 forth in subsection (h) of R.S.43:21-19 with respect to becoming an
14 employer, provided that the contributions shall be at the rate of
15 0.10% of wages paid with respect to employment with the State of
16 New Jersey or any other governmental entity or instrumentality
17 electing or required to make payments in lieu of contributions.

18 Each worker shall, starting on January 1, 1999 until December
19 31, 1999, contribute to the unemployment compensation fund
20 0.15% of wages paid with respect to the worker's employment with
21 a governmental employer electing or required to pay contributions
22 or nongovernmental employer, including a nonprofit organization
23 which is an employer as defined under paragraph (6) of subsection
24 (h) of R.S.43:21-19, regardless of whether that nonprofit
25 organization elects or is required to finance its benefit costs with
26 contributions to the fund or by payments in lieu of contributions,
27 after that employer has satisfied the conditions set forth in
28 subsection (h) of R.S.43:21-19 with respect to becoming an
29 employer, provided that the contributions shall be at the rate of
30 0.10% of wages paid with respect to employment with the State of
31 New Jersey or any other governmental entity or instrumentality
32 electing or required to make payments in lieu of contributions.

33 Each worker shall, starting on January 1, 2000 until December
34 31, 2001, contribute to the unemployment compensation fund
35 0.20% of wages paid with respect to the worker's employment with
36 a governmental employer electing or required to pay contributions
37 or nongovernmental employer, including a nonprofit organization
38 which is an employer as defined under paragraph (6) of subsection
39 (h) of R.S.43:21-19, regardless of whether that nonprofit
40 organization elects or is required to finance its benefit costs with
41 contributions to the fund or by payments in lieu of contributions,
42 after that employer has satisfied the conditions set forth in
43 subsection (h) of R.S.43:21-19 with respect to becoming an
44 employer, provided that the contributions shall be at the rate of
45 0.10% of wages paid with respect to employment with the State of
46 New Jersey or any other governmental entity or instrumentality
47 electing or required to make payments in lieu of contributions.

1 Each worker shall, starting on January 1, 2002 until June 30,
2 2004, contribute to the unemployment compensation fund 0.1825%
3 of wages paid with respect to the worker's employment with a
4 governmental employer electing or required to pay contributions or
5 a nongovernmental employer, including a nonprofit organization
6 which is an employer as defined under paragraph (6) of subsection
7 (h) of R.S.43:21-19, regardless of whether that nonprofit
8 organization elects or is required to finance its benefit costs with
9 contributions to the fund or by payments in lieu of contributions,
10 after that employer has satisfied the conditions set forth in
11 subsection (h) of R.S.43:21-19 with respect to becoming an
12 employer, provided that the contributions shall be at the rate of
13 0.0825% of wages paid with respect to employment with the State
14 of New Jersey or any other governmental entity or instrumentality
15 electing or required to make payments in lieu of contributions.

16 Each worker shall, starting on and after July 1, 2004, contribute
17 to the unemployment compensation fund 0.3825% of wages paid
18 with respect to the worker's employment with a governmental
19 employer electing or required to pay contributions or
20 nongovernmental employer, including a nonprofit organization
21 which is an employer as defined under paragraph (6) of subsection
22 (h) of R.S.43:21-19, regardless of whether that nonprofit
23 organization elects or is required to finance its benefit costs with
24 contributions to the fund or by payments in lieu of contributions,
25 after that employer has satisfied the conditions set forth in
26 subsection (h) of R.S.43:21-19 with respect to becoming an
27 employer, provided that the contributions shall be at the rate of
28 0.0825% of wages paid with respect to employment with the State
29 of New Jersey or any other governmental entity or instrumentality
30 electing or required to make payments in lieu of contributions.

31 (E) Each employer shall, notwithstanding any provision of law
32 in this State to the contrary, withhold in trust the amount of his
33 workers' contributions from their wages at the time such wages are
34 paid, shall show such deduction on his payroll records, shall furnish
35 such evidence thereof to his workers as the division or controller
36 may prescribe, and shall transmit all such contributions, in addition
37 to his own contributions, to the office of the controller in such
38 manner and at such times as may be prescribed. If any employer
39 fails to deduct the contributions of any of his workers at the time
40 their wages are paid, or fails to make a deduction therefor at the
41 time wages are paid for the next succeeding payroll period, he alone
42 shall thereafter be liable for such contributions, and for the purpose
43 of R.S.43:21-14, such contributions shall be treated as employer's
44 contributions required from him.

45 (F) As used in this chapter (R.S.43:21-1 et seq.), except when
46 the context clearly requires otherwise, the term "contributions" shall
47 include the contributions of workers pursuant to this section.

1 (G) Each worker shall, starting on July 1, 1994, contribute to the
2 State disability benefits fund an amount equal to 0.50% of wages
3 paid with respect to the worker's employment with a government
4 employer electing or required to pay contributions to the State
5 disability benefits fund or nongovernmental employer, including a
6 nonprofit organization which is an employer as defined under
7 paragraph (6) of subsection (h) of R.S.43:21-19, unless the
8 employer is covered by an approved private disability plan or is
9 exempt from the provisions of the "Temporary Disability Benefits
10 Law," P.L.1948, c.110 (C.43:21-25 et seq.) under section 7 of that
11 law (C.43:21-31) or any other provision of that law.

12 (2) (A) (Deleted by amendment, P.L.1984, c.24.)

13 (B) (Deleted by amendment, P.L.1984, c.24.)

14 (C) (Deleted by amendment, P.L.1994, c.112.)

15 (D) (Deleted by amendment, P.L.1994, c.112.)

16 (E) (i) (Deleted by amendment, P.L.1994, c.112.)

17 (ii) (Deleted by amendment, P.L.1996, c.28.)

18 (iii) (Deleted by amendment, P.L.1994, c.112.)

19 (3) If an employee receives wages from more than one employer
20 during any calendar year, and either the sum of his contributions
21 deposited in and credited to the State disability benefits fund plus
22 the amount of his contributions, if any, required towards the costs
23 of benefits under one or more approved private plans under the
24 provisions of section 9 of the "Temporary Disability Benefits Law"
25 (C.43:21-33) and deducted from his wages, or the sum of such latter
26 contributions, if the employee is covered during such calendar year
27 only by two or more private plans, exceeds an amount equal to 1/2
28 of 1% of the "wages" determined in accordance with the provisions
29 of R.S.43:21-7(b)(3) during the calendar years beginning on or after
30 January 1, 1976, the employee shall be entitled to a refund of the
31 excess if he makes a claim to the controller within two years after
32 the end of the calendar year in which the wages are received with
33 respect to which the refund is claimed and establishes his right to
34 such refund. Such refund shall be made by the controller from the
35 State disability benefits fund. No interest shall be allowed or paid
36 with respect to any such refund. The controller shall, in accordance
37 with prescribed regulations, determine the portion of the aggregate
38 amount of such refunds made during any calendar year which is
39 applicable to private plans for which deductions were made under
40 section 9 of the "Temporary Disability Benefits Law" (C.43:21-33)
41 such determination to be based upon the ratio of the amount of such
42 wages exempt from contributions to such fund, as provided in
43 subparagraph (B) of paragraph (1) of this subsection with respect to
44 coverage under private plans, to the total wages so exempt plus the
45 amount of such wages subject to contributions to the disability
46 benefits fund, as provided in subparagraph (G) of paragraph (1) of
47 this subsection. The controller shall, in accordance with prescribed

1 regulations, prorate the amount so determined among the applicable
2 private plans in the proportion that the wages covered by each plan
3 bear to the total private plan wages involved in such refunds, and
4 shall assess against and recover from the employer, or the insurer if
5 the insurer has indemnified the employer with respect thereto, the
6 amount so prorated. The provisions of R.S.43:21-14 with respect to
7 collection of employer contributions shall apply to such
8 assessments. The amount so recovered by the controller shall be
9 paid into the State disability benefits fund.

10 (4) If an individual does not receive any wages from the
11 employing unit which for the purposes of this chapter (R.S.43:21-1
12 et seq.) is treated as his employer, or receives his wages from some
13 other employing unit, such employer shall nevertheless be liable for
14 such individual's contributions in the first instance; and after
15 payment thereof such employer may deduct the amount of such
16 contributions from any sums payable by him to such employing
17 unit, or may recover the amount of such contributions from such
18 employing unit, or, in the absence of such an employing unit, from
19 such individual, in a civil action; provided proceedings therefor are
20 instituted within three months after the date on which such
21 contributions are payable. General rules shall be prescribed
22 whereby such an employing unit may recover the amount of such
23 contributions from such individuals in the same manner as if it were
24 the employer.

25 (5) Every employer who has elected to become an employer
26 subject to this chapter (R.S.43:21-1 et seq.), or to cease to be an
27 employer subject to this chapter (R.S.43:21-1 et seq.), pursuant to
28 the provisions of R.S.43:21-8, shall post and maintain printed
29 notices of such election on his premises, of such design, in such
30 numbers, and at such places as the director may determine to be
31 necessary to give notice thereof to persons in his service.

32 (6) Contributions by workers, payable to the controller as herein
33 provided, shall be exempt from garnishment, attachment, execution,
34 or any other remedy for the collection of debts.

35 (e) Contributions by employers to State disability benefits fund.

36 (1) Except as hereinafter provided, each employer shall, in
37 addition to the contributions required by subsections (a), (b), and
38 (c) of this section, contribute 1/2 of 1% of the wages paid by such
39 employer to workers with respect to employment unless he is not a
40 covered employer as defined in section 3 of the "Temporary
41 Disability Benefits Law" (C.43:21-27 (a)), except that the rate for
42 the State of New Jersey shall be 1/10 of 1% for the calendar year
43 1980 and for the first six months of 1981. Prior to July 1, 1981 and
44 prior to July 1 each year thereafter, the controller shall review the
45 experience accumulated in the account of the State of New Jersey
46 and establish a rate for the next following fiscal year which, in
47 combination with worker contributions, will produce sufficient

1 revenue to keep the account in balance; except that the rate so
2 established shall not be less than 1/10 of 1%. Such contributions
3 shall become due and be paid by the employer to the controller for
4 the State disability benefits fund as established by law, in
5 accordance with such regulations as may be prescribed, and shall
6 not be deducted, in whole or in part, from the remuneration of
7 individuals in his employ. In the payment of any contributions, a
8 fractional part of a cent shall be disregarded unless it amounts to
9 \$0.005 or more, in which case it shall be increased to \$0.01.

10 (2) During the continuance of coverage of a worker by an
11 approved private plan of disability benefits under the "Temporary
12 Disability Benefits Law," the employer shall be exempt from the
13 contributions required by subparagraph (1) above with respect to
14 wages paid to such worker.

15 (3) (A) The rates of contribution as specified in subparagraph
16 (1) above shall be subject to modification as provided herein with
17 respect to employer contributions due on and after July 1, 1951.

18 (B) A separate disability benefits account shall be maintained
19 for each employer required to contribute to the State disability
20 benefits fund and such account shall be credited with contributions
21 deposited in and credited to such fund with respect to employment
22 occurring on and after January 1, 1949. Each employer's account
23 shall be credited with all contributions paid on or before January 31
24 of any calendar year on his own behalf and on behalf of individuals
25 in his service with respect to employment occurring in preceding
26 calendar years; provided, however, that if January 31 of any
27 calendar year falls on a Saturday or Sunday an employer's account
28 shall be credited as of January 31 of such calendar year with all the
29 contributions which he has paid on or before the next succeeding
30 day which is not a Saturday or Sunday. But nothing in this act shall
31 be construed to grant any employer or individuals in his service
32 prior claims or rights to the amounts paid by him to the fund either
33 on his own behalf or on behalf of such individuals. Benefits paid to
34 any covered individual in accordance with Article III of the
35 "Temporary Disability Benefits Law" on or before December 31 of
36 any calendar year with respect to disability in such calendar year
37 and in preceding calendar years shall be charged against the account
38 of the employer by whom such individual was employed at the
39 commencement of such disability or by whom he was last
40 employed, if out of employment.

41 (C) The controller may prescribe regulations for the
42 establishment, maintenance, and dissolution of joint accounts by
43 two or more employers, and shall, in accordance with such
44 regulations and upon application by two or more employers to
45 establish such an account, or to merge their several individual
46 accounts in a joint account, maintain such joint account as if it
47 constituted a single employer's account.

1 (D) Prior to July 1 of each calendar year, the controller shall
2 make a preliminary determination of the rate of contribution for the
3 12 months commencing on such July 1 for each employer subject to
4 the contribution requirements of this subsection (e).

5 (1) Such preliminary rate shall be $\frac{1}{2}$ of 1% unless on the
6 preceding January 31 of such year such employer shall have been a
7 covered employer who has paid contributions to the State disability
8 benefits fund with respect to employment in the three calendar
9 years immediately preceding such year.

10 (2) If the minimum requirements in (1) above have been
11 fulfilled and the credited contributions exceed the benefits charged
12 by more than \$500.00, such preliminary rate shall be as follows:

13 (i) $\frac{2}{10}$ of 1% if such excess over \$500.00 exceeds 1% but is
14 less than $1\frac{1}{4}$ % of his average annual payroll as defined in this
15 chapter (R.S.43:21-1 et seq.);

16 (ii) $\frac{15}{100}$ of 1% if such excess over \$500.00 equals or exceeds
17 $1\frac{1}{4}$ % but is less than $1\frac{1}{2}$ % of his average annual payroll;

18 (iii) $\frac{1}{10}$ of 1% if such excess over \$500.00 equals or exceeds $1\frac{1}{2}$ %
19 of his average annual payroll.

20 (3) If the minimum requirements in (1) above have been
21 fulfilled and the contributions credited exceed the benefits charged
22 but by not more than \$500.00 plus 1% of his average annual
23 payroll, or if the benefits charged exceed the contributions credited
24 but by not more than \$500.00, the preliminary rate shall be $\frac{1}{4}$ of
25 1%.

26 (4) If the minimum requirements in (1) above have been
27 fulfilled and the benefits charged exceed the contributions credited
28 by more than \$500.00, such preliminary rate shall be as follows:

29 (i) $\frac{35}{100}$ of 1% if such excess over \$500.00 is less than $\frac{1}{4}$ of
30 1% of his average annual payroll;

31 (ii) $\frac{45}{100}$ of 1% if such excess over \$500.00 equals or exceeds
32 $\frac{1}{4}$ of 1% but is less than $\frac{1}{2}$ of 1% of his average annual payroll;

33 (iii) $\frac{55}{100}$ of 1% if such excess over \$500.00 equals or exceeds
34 $\frac{1}{2}$ of 1% but is less than $\frac{3}{4}$ of 1% of his average annual payroll;

35 (iv) $\frac{65}{100}$ of 1% if such excess over \$500.00 equals or exceeds
36 $\frac{3}{4}$ of 1% but is less than 1% of his average annual payroll;

37 (v) $\frac{75}{100}$ of 1% if such excess over \$500.00 equals or exceeds
38 1% of his average annual payroll.

39 (5) Determination of the preliminary rate as specified in (2), (3)
40 and (4) above shall be subject, however, to the condition that it
41 shall in no event be decreased by more than $\frac{1}{10}$ of 1% of wages or
42 increased by more than $\frac{2}{10}$ of 1% of wages from the preliminary
43 rate determined for the preceding year in accordance with (1), (2),
44 (3) or (4), whichever shall have been applicable.

45 (E) (1) Prior to July 1 of each calendar year the controller shall
46 determine the amount of the State disability benefits fund as of
47 December 31 of the preceding calendar year, increased by the

1 contributions paid thereto during January of the current calendar
2 year with respect to employment occurring in the preceding
3 calendar year. If such amount exceeds the net amount withdrawn
4 from the unemployment trust fund pursuant to section 23 of the
5 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-47)
6 plus the amount at the end of such preceding calendar year of the
7 unemployment disability account as defined in section 22 of said
8 law (C.43:21-46), such excess shall be expressed as a percentage of
9 the wages on which contributions were paid to the State disability
10 benefits fund on or before January 31 with respect to employment
11 in the preceding calendar year.

12 (2) The controller shall then make a final determination of the
13 rates of contribution for the 12 months commencing July 1 of such
14 year for employers whose preliminary rates are determined as
15 provided in (D) hereof, as follows:

16 (i) If the percentage determined in accordance with paragraph
17 (E)(1) of this subsection equals or exceeds 1 1/4%, the final
18 employer rates shall be the preliminary rates determined as
19 provided in (D) hereof, except that if the employer's preliminary
20 rate is determined as provided in (D)(2) or (D)(3) hereof, the final
21 employer rate shall be the preliminary employer rate decreased by
22 such percentage of excess taken to the nearest 5/100 of 1%, but in
23 no case shall such final rate be less than 1/10 of 1%.

24 (ii) If the percentage determined in accordance with paragraph
25 (E)(1) of this subsection equals or exceeds 3/4 of 1% and is less
26 than 1 1/4 of 1%, the final employer rates shall be the preliminary
27 employer rates.

28 (iii) If the percentage determined in accordance with paragraph
29 (E)(1) of this subsection is less than 3/4 of 1%, but in excess of 1/4
30 of 1%, the final employer rates shall be the preliminary employer
31 rates determined as provided in (D) hereof increased by the
32 difference between 3/4 of 1% and such percentage taken to the
33 nearest 5/100 of 1%; provided, however, that no such final rate
34 shall be more than 1/4 of 1% in the case of an employer whose
35 preliminary rate is determined as provided in (D)(2) hereof, more
36 than 1/2 of 1% in the case of an employer whose preliminary rate is
37 determined as provided in (D)(1) and (D)(3) hereof, nor more than
38 3/4 of 1% in the case of an employer whose preliminary rate is
39 determined as provided in (D)(4) hereof.

40 (iv) If the amount of the State disability benefits fund determined
41 as provided in paragraph (E)(1) of this subsection is equal to or less
42 than 1/4 of 1%, then the final rate shall be 2/5 of 1% in the case of
43 an employer whose preliminary rate is determined as provided in
44 (D)(2) hereof, 7/10 of 1% in the case of an employer whose
45 preliminary rate is determined as provided in (D)(1) and (D)(3)
46 hereof, and 1.1% in the case of an employer whose preliminary rate
47 is determined as provided in (D)(4) hereof. Notwithstanding any

1 other provision of law or any determination made by the controller
2 with respect to any 12-month period commencing on July 1, 1970,
3 the final rates for all employers for the period beginning January 1,
4 1971, shall be as set forth herein.
5 (cf: P.L.2005, c.249, s.1)

6
7 2. This act shall take effect immediately.

8
9
10 STATEMENT

11
12 This bill provides new, reduced unemployment insurance (UI)
13 tax schedules when the reserve ratio of the State's UI trust fund
14 exceeds 5.0%, which would represent a UI fund balance of \$3.6
15 billion in 2007. For any experience rating year beginning on or
16 after July 1, 2007, the bill would reduce UI taxes by 25% from the
17 rates provided under the "A" UI tax schedule if the ratio exceeds
18 5.0% and reduce the taxes by 50% if the ratio exceeds 7.5%. The
19 "reserve ratio" means the UI trust fund balance as of March 31 as a
20 percentage of all wages subject to UI taxes during the prior calendar
21 year.

22 Aside from the direct employer benefit of reduced UI taxes, this
23 would help to prevent an excessive build up in the UI fund balance
24 during periods of growth and high employment, thus reducing the
25 likelihood of the redirection of UI tax revenues to other purposes.
26 The most recent redirection of UI tax revenues, totaling \$1.5 billion
27 to the Health Care Subsidy Fund from 2002 to 2005, occurred after
28 UI reserve ratios exceeding 5.0% every year of the 1990's resulted,
29 in 2001, in a record high UI fund balance of \$3.5 billion and a
30 reserve ratio of 6.0%.