

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

## SENATE CONCURRENT RESOLUTION No. 60

# STATE OF NEW JERSEY

DATED: OCTOBER 6, 2008

The Senate Budget and Appropriations Committee reports favorably Senate Concurrent Resolution No. 60 (1R).

Senate Concurrent Resolution No. 60 (1R) prohibits the State from collecting contributions from employers or employees by means of assessments on the wages or salaries paid by employers to employees, unless the contributions are used exclusively to provide employee benefits, and, if the State is the employer, also to make employee-authorized or federally-required payments or to collect employee debts pursuant to law.

The proposed amendment dedicates all contributions collected by the State from any employee, employer or insurer for any fund or program established to provide employee benefits, including, but not limited to, the unemployment compensation fund, the State disability benefits fund, and the Second Injury Fund, solely toward the purpose of providing the benefits for which the program or fund is established. The proposed amendment prohibits the direct or indirect transferring, borrowing, appropriating or using of such contributions for any other purpose.

The proposed amendment also dedicates to the purpose of providing employee benefits all income or interest derived from any investment of contributions to employee benefit funds.

It specifies that the contributions may be applied to benefits for employees or employee families or dependents, not just the specific employee on whose behalf the contributions are made, and that, in the case of training and employment programs, benefits may be provided not only to current or laid off employees, but to prospective employees as well.

The requirements of the proposed amendment would not apply to the gross income tax, which is dedicated by the Constitution to the purpose of reducing or offsetting local property taxes.

**FISCAL IMPACT:**

This concurrent resolution has not been certified for a Fiscal Note. To project a fiscal impact would require speculative analyses as to what future enactments authorizing transfers would be prevented by this constitutional amendment.

From a historical perspective, according to an Office of Legislative Services analysis of the Governor's proposed budget for the Department of Labor and Workforce Development in Fiscal Year 2008-2009, from 1992 to 2007 approximately \$5.4 billion was diverted from various funds dedicated to benefits for workers. Of that amount, \$4.7 billion was diverted from the Unemployment Insurance trust fund to the Health Care Subsidy Fund; \$598 million was transferred from the Temporary Disability Insurance trust fund to the General Fund; and \$95 million was diverted from several funds related to workers' compensation to the General Fund.