

# ASSEMBLY BUDGET COMMITTEE

## STATEMENT TO

[First Reprint]

**ASSEMBLY, No. 3861**

# **STATE OF NEW JERSEY**

DATED: JUNE 18, 2018

The Assembly Budget Committee reports favorably Assembly Bill No. 3861.

This bill permits the payment of unemployment insurance (UI) benefits during labor disputes under certain specified conditions. The bill provides that, for any claim for a period of unemployment commencing on or after July 1, 2018:

1. A claimant is not disqualified because of a labor dispute if the labor dispute is caused by the failure or refusal of the employer to comply with an agreement or contract between the employer and the claimant, including a collective bargaining agreement with a union representing the claimant, or a State or federal law pertaining to hours, wages, or other conditions of work; and

2. If the unemployment of a claimant is caused by a labor dispute, including a strike or other concerted employee activities, but not by a lockout or a labor dispute caused by the employer non-compliance indicated by the bill, the claimant will not be provided benefits during the first 30 days following the commencement of the labor dispute. However, the 30-day waiting period will not apply if the employer hires a permanent replacement worker for the claimant's position. A replacement worker is presumed to be permanent unless the employer certifies in writing that the claimant will be permitted to return to his or her prior position upon conclusion of the dispute. If the employer does not permit a claimant to return to work, the bill entitles the claimant to recover any benefits lost because of the 30-day waiting period.

Additionally, the Department of Labor and Workforce Development may impose a penalty upon the employer of up to \$750 per employee per week of benefits lost, which the employer must pay into the unemployment compensation auxiliary fund.

### FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill may result in an indeterminate annual increase in expenditures from the Unemployment Insurance Compensation Trust Fund due to the UI benefits that could be provided during certain labor disputes under the bill. The OLS notes that an indeterminate annual increase in revenue

to the Unemployment Insurance Compensation Trust Fund, due to the charging of employers' accounts for benefits paid to claimants under the bill, and to the Unemployment Compensation Auxiliary Fund, due to the collection of penalties established under the bill, may offset, partially or fully, the bill's indeterminate annual increase in State expenditures.

The OLS cannot quantify the fiscal impact of this bill, as the number and nature of labor disputes from year to year are unpredictable.