

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 1046

STATE OF NEW JERSEY

DATED: JUNE 18, 2018

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1046 (1R).

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 is caused by the failure or refusal of the employer to comply 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 shall not be provided benefits during the first 30 days following the commencement of the labor dispute, except that the waiting period shall not apply if the employer hires a permanent replacement worker for the claimant's position. A replacement worker shall be 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 the return, the claimant shall be entitled to recover any benefits lost as a result of the 30 day waiting period before receiving benefits, and the department may impose a penalty upon the employer of up to \$750 per employee per week of benefits lost, to be paid into the unemployment compensation auxiliary fund.

FISCAL IMPACT:

The Office of Legislative Services estimates that in expanding the availability of unemployment insurance (UI) benefits the bill increases recurring State expenditures out of the UI Trust Fund by an indeterminate amount. As the UI program is funded through an assessment on workers' wages whose rate is set annually to cover

anticipated program expenditures, this bill can also be expected to result in a corresponding indeterminate annual State revenue increase to the UI Trust Fund.