# ASSEMBLY APPROPRIATIONS COMMITTEE

# STATEMENT TO

# **ASSEMBLY, No. 4853**

# **STATE OF NEW JERSEY**

DATED: OCTOBER 26, 2020

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4853.

This bill, for the period of the public health emergency and state of emergency declared by the Governor on March 9, 2020, and any subsequent extensions of the emergency or state of emergency, excludes the cost of unemployment benefit to employees of an employer during that period when calculating that employer's reserve ratio for the purposes of determining the rate of the employer's contributions to the unemployment trust fund.

The bill specifies that, regardless of the actual unemployment trust fund reserve ratio, unemployment contribution rates will be:

1. For fiscal year 2022, the rates set by column "C" of the Experience Rating Tax Table in R.S.32:21-7(c)(5)(E);
2. For fiscal year 2023, the rates set by column "D" of that table, unless calculations based on the actual fund reserve rate would result in the selection of a column with lower contribution rates, in which case the column with the lower contribution rates would apply; and
3. For fiscal year 2024, the rates set by column "E" of that table, unless calculations based on the actual fund reserve rate would result in the selection of a column with lower contribution rates, in which case the column with the lower contribution rates would apply.

The bill also exempts any nonprofit or governmental employer which elects to make payments in lieu of contributions from liability for payments in lieu of contributions with respect to 50 percent of unemployment benefits paid to employees laid off by the employer during that public health emergency and any extensions of it.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that by specifying employer contribution rates to the Unemployment Insurance (UI) Compensation Trust Fund regardless of the fund's reserve ratio, the bill will reduce revenues to the UI Fund by at least $660 million in FY 2022, $450 million in FY 2023, and $230 million in FY 2024 relative to the amounts from the tax schedule that would otherwise take effect.

Providing that all UI benefits paid during the current coronavirus disease 2019 pandemic state of emergency will not be counties when calculating and individual employer's reserve ratio, the bill will result in additional, potentially significant, decreases in revenues to the UI fund.

The bill may result in cost savings to potentially all State entities, public institutions of higher education, local governments, and school districts tied to the reduced liabilities to the UI fund for those entities that choose to not pay contributions to the UI fund on an annual basis but instead reimburse the UI fund for UI benefits paid to laid off employees on a dollar for dollar basis.