

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 3714

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 16, 2021

The Assembly Appropriations Committee reports favorably Senate Bill No. 3714 (1R), with committee amendments.

As amended, 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, exempts any nonprofit or governmental employer which has elected to make payments in lieu of contributions from liability for payments in lieu of contributions for unemployment benefits paid to employees laid off by the employer during that public health emergency and any extensions of it, except that the employer is required to make payments in lieu of contributions from any available funds held in trust for that purpose from contributions made by its employees. The bill provides that those employers are not liable for any portion of the payments of unemployment benefits which are not paid from the employee contributions held in trust or from funds provided by the federal government pursuant to the federal “CARES Act,” public law 116-136, pursuant to section 9012 of the “American Rescue Plan Act of 2021,” or pursuant to any other applicable federal law, but that portion shall be regarded as State liability relief to the employer and paid from the unemployment compensation fund. If the employer made the payments during the public health emergency before the effective date of the bill, the employer is entitled to a reimbursement of all of those payments in lieu of contributions made during that period, except for payments made from funds held in trust for that purpose from contributions made by its employees.

The bill provides that any available federal funds related to the COVID pandemic which have already been appropriated may, if permitted by federal law, be used to reimburse the unemployment compensation fund for any costs to the fund of providing State liability relief to employers under the bill.

As amended and reported by the committee, Senate Bill No. 3714 (1R) is identical to Assembly Bill No. 5691 (1R), which was also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments remove the provisions of the bill concerning an appropriation from the General Fund.

FISCAL IMPACT:

The Office of Legislative Service (OLS) notes that this bill may result in temporary cost savings to State entities, public institutions of higher education, local governments, and school districts tied to the reduced liabilities to the Unemployment Compensation (UI) Fund for those entities that choose to not make contributions to the UI fund on an annual basis but instead reimburse the UI fund for benefits paid to laid off employees (also known as reimbursable employers). The amount of the cost savings is indeterminate, as the OLS cannot estimate the total amount of these liabilities that will be shifted from governmental and non-profit employers to the UI fund. Under the bill, funds provided by the federal government pursuant to the federal CARES Act may be used to reimburse the UI fund.