

ASSEMBLY, No. 32

STATE OF NEW JERSEY

INTRODUCED JUNE 17, 1996

By Assemblyman KAVANAUGH

1 AN ACT concerning the State disability benefits fund, amending  
2 P.L.1948, c.110, and making appropriations.

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4 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*

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7 1. Section 23 of P.L.1948, c.110 (C.43:21-47) is amended to read  
8 as follows:

9 23. Withdrawal from Federal Treasury. (a) The State Treasurer is  
10 hereby authorized and directed to requisition and withdraw on or  
11 before December 31, 1948, the sum of \$50,000,000.00 from the  
12 amount of worker contributions heretofore accumulated in the State  
13 unemployment compensation fund and deposited in and credited to the  
14 account of this State in the unemployment trust fund of the United  
15 States of America, established and maintained pursuant to section 904  
16 of the Social Security Act, as amended (42 U.S.C. §1104), and to  
17 deposit such sums in the State disability benefits fund, established  
18 under the "Temporary Disability Benefits Law." The State Treasurer  
19 is further authorized and empowered to make such requisitions or  
20 withdrawals in accordance with such regulations relating thereto as  
21 may be prescribed by the United States Secretary of the Treasury. No  
22 portion of the amount requisitioned or withdrawn from the Federal  
23 Treasury shall be expended for the purpose of administering the  
24 "Temporary Disability Benefits Law."

25 (b) The State Treasurer is hereby authorized and directed to  
26 requisition and withdraw within 90 days of this enactment, an  
27 additional sum of \$50,000,000.00 from the amount of worker  
28 contributions heretofore accumulated in the State unemployment  
29 compensation fund and deposited in and credited to the account of this  
30 State in the unemployment trust fund of the United States of America,  
31 established and maintained pursuant to section 904 of the Social  
32 Security Act, as amended (42 U.S.C. §1104), and to deposit such sums  
33 in the State disability benefits fund, established under the "Temporary  
34 Disability Benefits Law." The State Treasurer is further authorized and

**EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 empowered to make such requisitions or withdrawals in accordance  
2 with such regulations relating thereto as may be prescribed by the  
3 United States Secretary of the Treasury. If the balance in the State  
4 disability benefits fund as of December 31 of any calendar year,  
5 increased by the contributions credited thereto on or before, or as of  
6 January 31 immediately thereafter is in excess of \$75,000,000.00, the  
7 excess shall be withdrawn from the State disability benefits fund and  
8 deposited to the account of this State in the unemployment trust fund  
9 until the entire \$50,000,000.00 requisitioned and withdrawn under this  
10 subsection (b) has been returned and deposited to the account of this  
11 State in the unemployment trust fund pursuant to the provisions of this  
12 subsection (b) and subsection (c) hereof. Such repayment to the  
13 unemployment trust fund shall be considered in determining  
14 contribution rates by employers to the State disability benefits fund  
15 under ~~[R.S.43:21-7(c)]~~ R.S.43:21-7(e). No portion of the amount  
16 requisitioned or withdrawn from the Federal Treasury shall be  
17 expended for the purpose of administering the "Temporary Disability  
18 Benefits Law."

19 (c) The State Treasurer shall transfer from the State disability  
20 benefits fund to the clearing account of the unemployment  
21 compensation fund, as established under R.S.43:21-9, the sum of  
22 \$25,000,000.00. Such transfer may be made at such times and in such  
23 installments as the State Treasurer may deem proper, except that the  
24 total sum shall have been transferred by no later than April 30, 1971.  
25 Amounts transferred to the clearing account of the unemployment  
26 compensation fund under this subsection shall be clear immediately  
27 and shall be deposited with the Secretary of the Treasury of the United  
28 States of America in accordance with the provisions of  
29 R.S.43:21-9(b).

30 (d) The State Treasurer is hereby authorized and directed to  
31 requisition and withdraw on or before December 31, 1985 a minimum  
32 of \$50,000,000.00, at the discretion of the Commissioner of Labor,  
33 from the State disability benefits fund established under section 22 of  
34 P.L.1948, c.110 (C.43:21-46) and to deposit such sum in the clearing  
35 account of the State unemployment compensation fund established  
36 under R.S.43:21-9. The amount transferred under this subsection (d)  
37 shall be cleared immediately and shall be deposited with the Secretary  
38 of the Treasury of the United States of America, in accordance with  
39 the provisions of R.S.43:21-9(b).

40 (e) The State Treasurer is hereby authorized and directed to  
41 requisition and withdraw on or after July 1, 1992 an amount not  
42 greater than \$25,000,000 from revenues received pursuant to  
43 paragraph (1) of subsection (e) of R.S.43:21-7, at the discretion of the  
44 Commissioner of Labor, from the State disability benefits fund  
45 established pursuant to section 22 of P.L.1948, c.110 (C.43:21-46)  
46 and to deposit that amount in the New Jersey Workforce Development

1 Partnership Fund created pursuant to section 9 of P.L.1992, c.43  
2 (C.34:15D-9).

3 (f) The State Treasurer, in consultation with the Commissioner of  
4 Labor, is hereby authorized and directed to requisition and withdraw  
5 on or after July 1, 1994 from revenues received pursuant to paragraph  
6 (1) of subsection (e) of R.S.43:21-7, an amount from the State  
7 disability benefits fund not greater than 25% of the balance in that fund  
8 as of June 30, 1994 and to deposit that amount in the clearing account  
9 of the unemployment compensation fund established under  
10 R.S.43:21-9. The amount transferred under this subsection (f) shall be  
11 cleared immediately and shall be deposited with the Secretary of the  
12 Treasury of United States of America, in accordance with the  
13 provisions of R.S.43:21-9(b).

14 (g) To the extent that funds from the General Fund are also  
15 deposited into the clearing account subsequent to July 1, 1994 but  
16 before October 2, 1994, such amount shall be reimbursed to the  
17 General Fund from amounts collected pursuant to  
18 R.S.43:21-7(d)(1)(G) and R.S.43:21-7(e) for quarterly periods ending  
19 on or after September 30, 1994.

20 (h) The amount transferred from the State disability benefits fund  
21 to the clearing account of the unemployment compensation fund under  
22 subsection (f) of this section plus any amount reimbursed to the  
23 General Fund in accordance with subsection (g) shall be repaid to the  
24 State disability benefits fund from general state revenues with interest  
25 at the rate earned by the investments made with moneys remaining in  
26 the State disability benefits fund. The repayment period shall not  
27 exceed ten years. The amount repaid each year shall be not less than  
28 one tenth of the total amount transferred from the State disability  
29 benefits fund to the clearing account of the unemployment  
30 compensation fund under subsection (f) of this section, plus not less  
31 than one tenth of the amount reimbursed to the General Fund in  
32 accordance with subsection (g), plus accrued interest. The State  
33 Treasurer shall, on or before the thirty-first day of January in 1995 and  
34 in each subsequent year determine what amount shall be repaid to the  
35 State disability benefits fund in the next commencing fiscal year, which  
36 amount shall be consistent with the provisions of this subsection (h).  
37 The Legislature shall appropriate that amount from the General Fund  
38 to the State disability benefits fund. For purposes of determining the  
39 balance in the State disability benefits fund as prescribed pursuant to  
40 subparagraph (1) of subparagraph (E) of paragraph (3) of subsection  
41 (e) of R.S.43:21-7, the amount transferred from the State disability  
42 benefits fund to the unemployment compensation fund pursuant to  
43 subsection (f) of this section and reimbursed to the General Fund  
44 pursuant to subsection (g) of this section less repayments or other  
45 reductions, plus accrued interest shall be included therein.

46 (i) The State Treasurer is hereby authorized and directed to

1 requisition and withdraw on or after July 1, 1996 an amount not  
2 greater than \$250,000,000 from the State disability benefits fund and  
3 to deposit that amount in the General Fund. For purposes of  
4 determining the balance in the State disability benefits fund as  
5 prescribed pursuant to subparagraph (1) of subparagraph (E) of  
6 paragraph (3) of subsection (e) of R.S.43:21-7, the amount transferred  
7 from the State disability benefits fund to the General Fund pursuant to  
8 this subsection (i) shall be included therein.

9 (j) To ensure that the provisions of subsection (i) of this section do  
10 not reduce or delay benefits payable pursuant to the "Temporary  
11 Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et seq.),  
12 whenever the amount in the State disability benefits fund is less than  
13 the amount required to pay the benefits provided under that law and  
14 the necessary costs of administering those benefits, the additional  
15 amount required to pay the benefits and the administrative costs shall  
16 be paid from the General Fund. The amounts paid from the General  
17 Fund for benefits and administrative costs pursuant to this subsection  
18 shall be repaid to the General Fund from the State disability benefits  
19 fund at such time as the Treasurer determines that the repayment may  
20 be made without reducing or delaying benefits payable pursuant to the  
21 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et  
22 seq.).

23 (cf: P.L.1994,c.112,s.4)

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25 2. There is appropriated in the Fiscal Year 1996, from the General  
26 Fund to the State disability benefits fund, the entire amount  
27 determined by the State Treasurer to be necessary to meet, in full, the  
28 requirements of subsection (h) of section 23 of P.L.1948, c.110  
29 (C.43:21-47) for repayment to the State disability benefits fund,  
30 including the interest required by that subsection.

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32 3. There is appropriated in Fiscal Year 1997, \$250,000,000 from  
33 the State disability benefits fund for deposit into the General Fund as  
34 authorized and directed pursuant to subsection (i) of section 23 of  
35 P.L.1948, c.110 (C.43:21-47).

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37 4. This act shall take effect immediately, except that section 2 shall  
38 be retroactive to June 30, 1996 if enacted after that date and section  
39 3 shall take effect July 1, 1996.

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42 STATEMENT

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44 This bill authorizes and directs the State Treasurer to requisition  
45 and withdraw on or after July 1, 1996 an amount not greater than  
46 \$250 million from the State disability benefits fund and to deposit that

1 amount in the General Fund. The bill provides that for the purposes  
2 of setting the rate of employer contributions to the State disability  
3 benefits fund, the \$250 million withdrawn will be treated as if it were  
4 still in the State disability benefits fund. The bill appropriates from the  
5 General Fund to the State disability benefits fund the entire amount  
6 determined by the State Treasurer to be necessary to meet, in full, the  
7 requirements of present law for repayment to the State disability  
8 benefits fund of amounts still outstanding from a previous loan,  
9 including interest due.

10 To prevent any reductions or delays in the payment of temporary  
11 disability benefits, the bill requires that, whenever the amount in the  
12 State disability benefits fund is less than the amount required to pay  
13 the benefits and the necessary costs of administering those benefits, the  
14 additional amount required to pay the benefits and the administrative  
15 costs will be paid from the General Fund. The bill provides that those  
16 amounts paid from the General Fund be repaid to the General Fund  
17 from the State disability benefits fund at such time as the Treasurer  
18 determines that the repayment may be made without reducing or  
19 delaying benefits.

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24 Concerns State disability benefits fund; makes appropriations.