

ASSEMBLY, No. 1971

STATE OF NEW JERSEY

INTRODUCED MAY 6, 1996

By Assemblymen GREGG, GARRETT, Carroll,
Assemblywoman Murphy, Assemblyman Augustine,
Assemblywoman J. Smith, Assemblymen Kavanaugh, Blee,
Malone and Lance

1 AN ACT concerning employer contributions to the unemployment
2 compensation fund and amending R.S.43:21-7.

3

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

6

7 1. R.S.43:21-7 is amended to read as follows:

8 43:21-7. Contributions. Employers other than governmental
9 entities, whose benefit financing provisions are set forth in section 4
10 of P.L.1971, c.346 (C.43:21-7.3), and those nonprofit organizations
11 liable for payment in lieu of contributions on the basis set forth in
12 section 3 of P.L.1971, c.346 (C.43:21-7.2), shall pay to the controller
13 for the unemployment compensation fund, contributions as set forth
14 in subsections (a), (b) and (c) hereof, and the provisions of subsections
15 (d) and (e) shall be applicable to all employers, consistent with the
16 provisions of the "unemployment compensation law" and the
17 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et
18 seq.).

19 (a) Payment.

20 (1) Contributions shall accrue and become payable by each
21 employer for each calendar year in which he is subject to this chapter
22 (R.S.43:21-1 et seq.), with respect to having individuals in his employ
23 during that calendar year, at the rates and on the basis hereinafter set
24 forth. Such contributions shall become due and be paid by each
25 employer to the controller for the fund, in accordance with such
26 regulations as may be prescribed, and shall not be deducted, in whole
27 or in part, from the remuneration of individuals in his employ.

28 (2) In the payment of any contributions, a fractional part of a cent
29 shall be disregarded unless it amounts to \$0.005 or more, in which
30 case it shall be increased to \$0.01.

31 (b) Rate of contributions. Each employer shall pay the following

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 contributions:

2 (1) For the calendar year 1947, and each calendar year thereafter,
3 2 7/10% of wages paid by him during each such calendar year, except
4 as otherwise prescribed by subsection (c) of this section.

5 (2) The "wages" of any individual, with respect to any one
6 employer, as the term is used in this subsection (b) and in subsections
7 (c), (d) and (e) of this section 7, shall include the first \$4,800.00 paid
8 during calendar year 1975, for services performed either within or
9 without this State; provided that no contribution shall be required by
10 this State with respect to services performed in another state if such
11 other state imposes contribution liability with respect thereto. If an
12 employer (hereinafter referred to as a successor employer) during any
13 calendar year acquires substantially all the property used in a trade or
14 business of another employer (hereinafter referred to as a
15 predecessor), or used in a separate unit of a trade or business of a
16 predecessor, and immediately after the acquisition employs in his trade
17 or business an individual who immediately prior to the acquisition was
18 employed in the trade or business of such predecessor, then, for the
19 purpose of determining whether the successor employer has paid
20 wages with respect to employment equal to the first \$4,800.00 paid
21 during calendar year 1975, any wages paid to such individual by such
22 predecessor during such calendar year and prior to such acquisition
23 shall be considered as having been paid by such successor employer.

24 (3) For calendar years beginning on and after January 1, 1976, the
25 "wages" of any individual, as defined in the preceding paragraph (2)
26 of this subsection (b), shall be established and promulgated by the
27 Commissioner of Labor on or before September 1 of the preceding
28 year and shall be 28 times the Statewide average weekly remuneration
29 paid to workers by employers, as determined under R.S.43:21-3(c),
30 raised to the next higher multiple of \$100.00 if not already a multiple
31 thereof, provided that if the amount of wages so determined for a
32 calendar year is less than the amount similarly determined for the
33 preceding year, the greater amount will be used; provided, further, that
34 if the amount of such wages so determined does not equal or exceed
35 the amount of wages as defined in subsection (b) of section 3306 of
36 the Federal Unemployment Tax Act, Chapter 23 of the Internal
37 Revenue Code of 1986 (26 U.S.C.3306(b)), the wages as determined
38 in this paragraph in any calendar year shall be raised to equal the
39 amount established under the Federal Unemployment Tax Act for that
40 calendar year.

41 (c) Future rates based on benefit experience.

42 (1) A separate account for each employer shall be maintained and
43 this shall be credited with all the contributions which he has paid on
44 his own behalf on or before January 31 of any calendar year with
45 respect to employment occurring in the preceding calendar year;
46 provided, however, that if January 31 of any calendar year falls on a

1 Saturday or Sunday, an employer's account shall be credited as of
2 January 31 of such calendar year with all the contributions which he
3 has paid on or before the next succeeding day which is not a Saturday
4 or Sunday. But nothing in this chapter (R.S.43:21-1 et seq.) shall be
5 construed to grant any employer or individuals in his service prior
6 claims or rights to the amounts paid by him into the fund either on his
7 own behalf or on behalf of such individuals. Benefits paid with respect
8 to benefit years commencing on and after January 1, 1953, to any
9 individual on or before December 31 of any calendar year with respect
10 to unemployment in such calendar year and in preceding calendar years
11 shall be charged against the account or accounts of the employer or
12 employers in whose employment such individual established base
13 weeks constituting the basis of such benefits, except that, with respect
14 to benefit years commencing after December 31, 1996, an employer's
15 account shall not be charged for benefits paid to a claimant if the
16 claimant's employment by that employer was ended in any way which,
17 pursuant to R.S.43:21-5, would have disqualified the claimant for
18 benefits if the claimant had applied for benefits at the time when that
19 employment ended. Benefits paid under a given benefit determination
20 shall be charged against the account of the employer to whom such
21 determination relates. When each benefit payment is made, either a
22 copy of the benefit check or other form of notification shall be
23 promptly sent to the employer against whose account the benefits are
24 to be charged. Such copy or notification shall identify the employer
25 against whose account the amount of such payment is being charged,
26 shall show at least the name and social security account number of the
27 claimant and shall specify the period of unemployment to which said
28 check applies. If the total amount of benefits paid to a claimant and
29 charged to the account of the appropriate employer exceeds 50% of
30 the total base year, base week wages paid to the claimant by that
31 employer, then such employer shall have canceled from his account
32 such excess benefit charges as specified above.

33 Each employer shall be furnished an annual summary statement of
34 benefits charged to his account.

35 (2) Regulations may be prescribed for the establishment,
36 maintenance, and dissolution of joint accounts by two or more
37 employers, and shall, in accordance with such regulations and upon
38 application by two or more employers to establish such an account, or
39 to merge their several individual accounts in a joint account, maintain
40 such joint account as if it constituted a single employer's account.

41 (3) No employer's rate shall be lower than 5.4% unless assignment
42 of such lower rate is consistent with the conditions applicable to
43 additional credit allowance for such year under section 3303(a)(1) of
44 the Internal Revenue Code of 1986 (26 U.S.C.3303(a)(1)), any other
45 provision of this section to the contrary notwithstanding.

46 (4) Employer Reserve Ratio. (A) Each employer's rate shall be 2

1 8/10%, except as otherwise provided in the following provisions. No
2 employer's rate for the 12 months commencing July 1 of any calendar
3 year shall be other than 2 8/10%, unless as of the preceding January 31
4 such employer shall have paid contributions with respect to wages paid
5 in each of the three calendar years immediately preceding such year,
6 in which case such employer's rate for the 12 months commencing July
7 1 of any calendar year shall be determined on the basis of his record up
8 to the beginning of such calendar year. If, at the beginning of such
9 calendar year, the total of all his contributions, paid on his own behalf,
10 for all past years exceeds the total benefits charged to his account for
11 all such years, his contribution rate shall be:

12 (1) 2 5/10%, if such excess equals or exceeds 4%, but less than
13 5%, of his average annual payroll (as defined in paragraph (2),
14 subsection (a) of R.S.43:21-19);

15 (2) 2 2/10%, if such excess equals or exceeds 5%, but is less than
16 6%, of his average annual payroll;

17 (3) 1 9/10%, if such excess equals or exceeds 6%, but is less than
18 7%, of his average annual payroll;

19 (4) 1 6/10%, if such excess equals or exceeds 7%, but is less than
20 8%, of his average annual payroll;

21 (5) 1 3/10%, if such excess equals or exceeds 8%, but is less than
22 9%, of his average annual payroll;

23 (6) 1%, if such excess equals or exceeds 9%, but is less than 10%,
24 of his average annual payroll;

25 (7) 7/10 of 1%, if such excess equals or exceeds 10%, but is less
26 than 11%, of his average annual payroll;

27 (8) 4/10 of 1%, if such excess equals or exceeds 11% of his
28 average annual payroll.

29 (B) If the total of an employer's contributions, paid on his own
30 behalf, for all past periods for the purposes of this paragraph (4), is
31 less than the total benefits charged against his account during the same
32 period, his rate shall be:

33 (1) 4%, if such excess is less than 10% of his average annual
34 payroll;

35 (2) 4 3/10%, if such excess equals or exceeds 10%, but is less than
36 20%, of his average annual payroll;

37 (3) 4 6/10%, if such excess equals or exceeds 20% of his average
38 annual payroll.

39 (C) Specially assigned rates. If no contributions were paid on
40 wages for employment in any calendar year used in determining the
41 average annual payroll of an employer eligible for an assigned rate
42 under this paragraph (4), the employer's rate shall be specially assigned
43 as follows:

44 (i) if the reserve balance in its account is positive, its assigned rate
45 shall be the highest rate in effect for positive balance accounts for that
46 period, or 5.4%, whichever is higher, and (ii) if the reserve balance in

1 its account is negative, its assigned rate shall be the highest rate in
2 effect for deficit accounts for that period.

3 (D) The contribution rates prescribed by subparagraphs (A) and (B)
4 of this paragraph (4) shall be increased or decreased in accordance
5 with the provisions of paragraph (5) of this subsection (c) for
6 experience rating periods through June 30, 1986.

7 (5) (A) Unemployment Trust Fund Reserve Ratio. If on March 31
8 of any calendar year the balance in the unemployment trust fund equals
9 or exceeds 4% but is less than 7% of the total taxable wages reported
10 to the controller as of that date in respect to employment during the
11 preceding calendar year, the contribution rate, effective July 1
12 following, of each employer eligible for a contribution rate calculation
13 based upon benefit experience, shall be increased by 3/10 of 1% over
14 the contribution rate otherwise established under the provisions of
15 paragraph (3) or (4) of this subsection. If on March 31 of any
16 calendar year the balance of the unemployment trust fund exceeds 2
17 1/2% but is less than 4% of the total taxable wages reported to the
18 controller as of that date in respect to employment during the
19 preceding calendar year, the contribution rate, effective July 1
20 following, of each employer eligible for a contribution rate calculation
21 based upon benefit experience, shall be increased by 6/10 of 1% over
22 the contribution rate otherwise established under the provisions of
23 paragraph (3) or (4) of this subsection.

24 If on March 31 of any calendar year the balance of the
25 unemployment trust fund is less than 2 1/2% of the total taxable wages
26 reported to the controller as of that date in respect to employment
27 during the preceding calendar year, the contribution rate, effective July
28 1 following, of each employer (1) eligible for a contribution rate
29 calculation based upon benefit experience, shall be increased by (i)
30 6/10 of 1% over the contribution rate otherwise established under the
31 provisions of paragraph (3), (4)(A) or (4)(B) of this subsection, and
32 (ii) an additional amount equal to 20% of the total rate established
33 herein, provided, however, that the final contribution rate for each
34 employer shall be computed to the nearest multiple of 1/10% if not
35 already a multiple thereof; (2) not eligible for a contribution rate
36 calculation based upon benefit experience, shall be increased by 6/10
37 of 1% over the contribution rate otherwise established under the
38 provisions of paragraph (4) of this subsection. For the period
39 commencing July 1, 1984 and ending June 30, 1986, the contribution
40 rate for each employer liable to pay contributions under R.S.43:21-7
41 shall be increased by a factor of 10% computed to the nearest multiple
42 of 1/10% if not already a multiple thereof.

43 (B) If on March 31 of any calendar year the balance in the
44 unemployment trust fund equals or exceeds 10% but is less than 12
45 1/2% of the total taxable wages reported to the controller as of that
46 date in respect to employment during the preceding calendar year, the

1 contribution rate, effective July 1 following, of each employer eligible
2 for a contribution rate calculation based upon benefit experience, shall
3 be reduced by $\frac{3}{10}$ of 1% under the contribution rate otherwise
4 established under the provisions of paragraphs (3) and (4) of this
5 subsection; provided that in no event shall the contribution rate of any
6 employer be reduced to less than $\frac{4}{10}$ of 1%. If on March 31 of any
7 calendar year the balance in the unemployment trust fund equals or
8 exceeds $12\frac{1}{2}\%$ of the total taxable wages reported to the controller
9 as of that date in respect to employment during the preceding calendar
10 year, the contribution rate, effective July 1 following, of each
11 employer eligible for a contribution rate calculation based upon benefit
12 experience, shall be reduced by $\frac{6}{10}$ of 1% if his account for all past
13 periods reflects an excess of contributions paid over total benefits
14 charged of 3% or more of his average annual payroll, otherwise by
15 $\frac{3}{10}$ of 1% under the contribution rate otherwise established under the
16 provisions of paragraphs (3) and (4) of this subsection; provided that
17 in no event shall the contribution rate of any employer be reduced to
18 less than $\frac{4}{10}$ of 1%.

19 (C) The "balance" in the unemployment trust fund, as the term is
20 used in subparagraphs (A) and (B) above, shall not include moneys
21 credited to the State's account under section 903 of the Social Security
22 Act, as amended (42 U.S.C.1103), during any period in which such
23 moneys are appropriated for the payment of expenses incurred in the
24 administration of the "unemployment compensation law."

25 (D) Prior to July 1 of each calendar year the controller shall
26 determine the Unemployment Trust Reserve Ratio, which shall be
27 calculated by dividing the balance of the unemployment trust fund as
28 of the prior March 31 by total taxable wages reported to the controller
29 by all employers as of March 31 with respect to their employment
30 during the last calendar year.

31 (E) With respect to experience rating years beginning on or after
32 July 1, 1986, the new employer rate or the unemployment experience
33 rate of an employer under this section shall be the rate which appears
34 in the column headed by the Unemployment Trust Fund Reserve Ratio
35 as of the applicable calculation date and on the line with the Employer
36 Reserve Ratio, as defined in paragraph 4 of this subsection
37 (R.S.43:21-7 (c)(4)), as set forth in the following table:

EXPERIENCE RATING TAX TABLE						
Fund Reserve Ratio ¹						
	10.00%	7.00%	4.00%	2.50%	2.49%	
Employer Reserve Ratio ²	and Over	to 9.99%	to 6.99%	to 3.99%	and Under	
	A	B	C	D	E	
Positive Reserve Ratio:						
17% and over	0.3	0.4	0.5	0.6	1.2	
16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2	
15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2	
14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2	
13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2	
12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2	
11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2	
10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6	
9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9	
8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3	
7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6	
6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0	
5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4	
4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7	
3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9	
2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0	
1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1	
0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3	
Deficit Reserve Ratio:						
-0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1	
-3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2	
-6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3	
-9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4	
-12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5	
-15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6	
-20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7	
-25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8	
-30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9	
-35.00% and under	5.4	5.4	5.8	6.4	7.0	
New Employer Rate	2.8	2.8	2.8	3.1	3.4	

¹Fund balance as of March 31 as a percentage of taxable wages in the prior calendar year.

²Employer Reserve Ratio (Contributions minus benefits as a percentage of employer's taxable wages).

(F) With respect to experience rating years beginning on or after July 1, 1986, if the balance of the unemployment trust fund as of the prior March 31 is negative, the contribution rate for each employer liable to pay contributions, as computed under subparagraph E of this paragraph (5), shall be increased by a factor of 10% computed to the nearest multiple of 1/10% if not already a multiple thereof.

(G) On or after January 1, 1993, notwithstanding any other provisions of this paragraph (5), the contribution rate for each employer liable to pay contributions, as computed under subparagraph

1 (E) of this paragraph (5), shall be decreased by 0.1%, except that,
2 during any experience rating year in which the fund reserve ratio is
3 equal to or greater than 7.00%, there shall be no decrease pursuant to
4 this subparagraph (G) in the contribution of any employer who has a
5 deficit reserve ratio of negative 35.00% or under.

6 (H) On or after January 1, 1993 until December 31, 1993,
7 notwithstanding any other provisions of this paragraph (5), the
8 contribution rate for each employer liable to pay contributions, as
9 computed under subparagraph (E) of this paragraph (5), shall be
10 decreased by a factor of 52.0% computed to the nearest multiple of
11 1/10%, except that, if an employer has a deficit reserve ratio of
12 negative 35.0% or under, the employer's rate of contribution shall not
13 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
14 amount of the reduction in the employer contributions stipulated by
15 this subparagraph (H) shall be in addition to the amount of the
16 reduction in the employer contributions stipulated by subparagraph (G)
17 of this paragraph (5), except that the rate of contribution of an
18 employer who has a deficit reserve ratio of negative 35.0% or under
19 shall not be reduced pursuant to this subparagraph (H) to less than
20 5.4% and the rate of contribution of any other employer shall not be
21 reduced to less than 0.0%.

22 On or after January 1, 1994 until December 31, 1995, except as
23 provided pursuant to subparagraph (I) of this paragraph (5),
24 notwithstanding any other provisions of this paragraph (5), the
25 contribution rate for each employer liable to pay contributions, as
26 computed under subparagraph (E) of this paragraph (5), shall be
27 decreased by a factor of 36.0% computed to the nearest multiple of
28 1/10%, except that, if an employer has a deficit reserve ratio of
29 negative 35.0% or under, the employer's rate of contribution shall not
30 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
31 amount of the reduction in the employer contributions stipulated by
32 this subparagraph (H) shall be in addition to the amount of the
33 reduction in the employer contributions stipulated by subparagraph (G)
34 of this paragraph (5), except that the rate of contribution of an
35 employer who has a deficit reserve ratio of negative 35.0% or under
36 shall not be reduced pursuant to this subparagraph (H) to less than
37 5.4% and the rate of contribution of any other employer shall not be
38 reduced to less than 0.0%.

39 (I) If the fund reserve ratio decreases to a level of less than 4.00%
40 on March 31 of calendar year 1994 or calendar year 1995, the
41 provisions of subparagraph (H) of this paragraph (5) shall cease to be
42 in effect as of July 1 of that calendar year.

43 (6) Additional contributions.

44 Notwithstanding any other provision of law, any employer who has
45 been assigned a contribution rate pursuant to subsection (c) of this
46 section for the year commencing July 1, 1948, and for any year

1 commencing July 1 thereafter, may voluntarily make payment of
2 additional contributions, and upon such payment shall receive a
3 recomputation of the experience rate applicable to such employer,
4 including in the calculation the additional contribution so made. Any
5 such additional contribution shall be made during the 30-day period
6 following the date of the mailing to the employer of the notice of his
7 contribution rate as prescribed in this section, unless, for good cause,
8 the time for payment has been extended by the controller for not to
9 exceed an additional 60 days; provided that in no event may such
10 payments which are made later than 120 days after the beginning of
11 the year for which such rates are effective be considered in
12 determining the experience rate for the year in which the payment is
13 made. Any employer receiving any extended period of time within
14 which to make such additional payment and failing to make such
15 payment timely shall be, in addition to the required amount of
16 additional payment, a penalty of 5% thereof or \$5.00, whichever is
17 greater, not to exceed \$50.00. Any adjustment under this subsection
18 shall be made only in the form of credits against accrued or future
19 contributions.

20 (7) Transfers.

21 (A) Upon the transfer of the organization, trade or business, or
22 substantially all the assets of an employer to a successor in interest,
23 whether by merger, consolidation, sale, transfer, descent or otherwise,
24 the controller shall transfer the employment experience of the
25 predecessor employer to the successor in interest, including credit for
26 past years, contributions paid, annual payrolls, benefit charges, et
27 cetera, applicable to such predecessor employer, pursuant to
28 regulation, if it is determined that the employment experience of the
29 predecessor employer with respect to the organization, trade, assets
30 or business which has been transferred may be considered indicative
31 of the future employment experience of the successor in interest.
32 Unless the predecessor employer was owned or controlled (by legally
33 enforceable means or otherwise), directly or indirectly, by the
34 successor in interest, or the predecessor employer and the successor
35 in interest were owned or controlled (by legally enforceable means or
36 otherwise), directly or indirectly, by the same interest or interests, the
37 transfer of the employment experience of the predecessor shall not be
38 effective if such successor in interest, within four months of the date
39 of such transfer of the organization, trade, assets or business, or
40 thereafter upon good cause shown, files a written notice protesting the
41 transfer of the employment experience of the predecessor employer.

42 (B) An employer who transfers part of his or its organization,
43 trade, assets or business to a successor in interest, whether by merger,
44 consolidation, sale, transfer, descent or otherwise, may jointly make
45 application with such successor in interest for transfer of that portion
46 of the employment experience of the predecessor employer relating to

1 the portion of the organization, trade, assets or business transferred to
2 the successor in interest, including credit for past years, contributions
3 paid, annual payrolls, benefit charges, et cetera, applicable to such
4 predecessor employer. The transfer of employment experience may be
5 allowed pursuant to regulation only if it is found that the employment
6 experience of the predecessor employer with respect to the portion of
7 the organization, trade, assets or business which has been transferred
8 may be considered indicative of the future employment experience of
9 the successor in interest. Credit shall be given to the successor in
10 interest only for the years during which contributions were paid by the
11 predecessor employer with respect to that part of the organization,
12 trade, assets or business transferred.

13 (C) A transfer of the employment experience in whole or in part
14 having become final, the predecessor employer thereafter shall not be
15 entitled to consideration for an adjusted rate based upon his or its
16 experience or the part thereof, as the case may be, which has thus been
17 transferred. A successor in interest to whom employment experience
18 or a part thereof is transferred pursuant to this subsection shall, as of
19 the date of the transfer of the organization, trade, assets or business,
20 or part thereof, immediately become an employer if not theretofore an
21 employer subject to this chapter (R.S.43:21-1 et seq.).

22 (d) Contributions of workers to the unemployment compensation
23 fund and the State disability benefits fund.

24 (1) (A) For periods after January 1, 1975, each worker shall
25 contribute to the fund 1% of his wages with respect to his employment
26 with an employer, which occurs on and after January 1, 1975, after
27 such employer has satisfied the condition set forth in subsection (h) of
28 R.S.43:21-19 with respect to becoming an employer; provided,
29 however, that such contributions shall be at the rate of 1/2 of 1% of
30 wages paid with respect to employment while the worker is in the
31 employ of the State of New Jersey, or any governmental entity or
32 instrumentality which is an employer as defined under
33 R.S.43:21-19(h)(5), or is covered by an approved private plan under
34 the "Temporary Disability Benefits Law" or while the worker is
35 exempt from the provisions of the "Temporary Disability Benefits
36 Law" under section 7 of that law, P.L.1948, c.110 (C.43:21-31).

37 (B) Effective January 1, 1978 there shall be no contributions by
38 workers in the employ of any governmental or nongovernmental
39 employer electing or required to make payments in lieu of
40 contributions unless the employer is covered by the State plan under
41 the "Temporary Disability Benefits Law" (C.43:21-37 et seq.), and in
42 that case contributions shall be at the rate of 1/2 of 1%, except that
43 commencing July 1, 1986, workers in the employ of any
44 nongovernmental employer electing or required to make payments in
45 lieu of contributions shall be required to make contributions to the
46 fund at the same rate prescribed for workers of other nongovernmental

1 employers.

2 (C)(i) Notwithstanding the above provisions of this paragraph (1),
3 during the period starting July 1, 1986 and ending December 31, 1992,
4 each worker shall contribute to the fund 1.125% of wages paid with
5 respect to his employment with a governmental employer electing or
6 required to pay contributions or nongovernmental employer, including
7 a nonprofit organization which is an employer as defined under
8 R.S.43:21-19(h)(6), regardless of whether that nonprofit organization
9 elects or is required to finance its benefit costs with contributions to
10 the fund or by payments in lieu of contributions, after that employer
11 has satisfied the conditions set forth in subsection R.S.43:21-19(h)
12 with respect to becoming an employer. Contributions, however, shall
13 be at the rate of 0.625% while the worker is covered by an approved
14 private plan under the "Temporary Disability Benefits Law" while the
15 worker is exempt under section 7 of that law, P.L.1948, c.110
16 (C.43:21-31) or any other provision of that law; provided that such
17 contributions shall be at the rate of 0.625% of wages paid with respect
18 to employment with the State of New Jersey or any other
19 governmental entity or instrumentality electing or required to make
20 payments in lieu of contributions and which is covered by the State
21 plan under the "Temporary Disability Benefits Law," except that, while
22 the worker is exempt from the provisions of the "Temporary Disability
23 Benefits Law" under section 7 of that law, P.L.1948, c.110
24 (C.43:21-31) or any other provision of that law, or is covered for
25 disability benefits by an approved private plan of the employer, the
26 contributions to the fund shall be 0.125%.

27 (ii) (Deleted by amendment, P.L.1995, c.422.)

28 (D) Notwithstanding any other provisions of this paragraph (1),
29 during the period starting January 1, 1993 and ending June 30, 1994,
30 each worker shall contribute to the unemployment compensation fund
31 0.5% of wages paid with respect to the worker's employment with a
32 governmental employer electing or required to pay contributions or
33 nongovernmental employer, including a nonprofit organization which
34 is an employer as defined under paragraph 6 of subsection (h) of
35 R.S.43:21-19, regardless of whether that nonprofit organization elects
36 or is required to finance its benefit costs with contributions to the fund
37 or by payments in lieu of contributions, after that employer has
38 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
39 with respect to becoming an employer. No contributions, however,
40 shall be made by the worker while the worker is covered by an
41 approved private plan under the "Temporary Disability Benefits Law,"
42 P.L.1948, c.110 (C.43:21-25 et seq.) or while the worker is exempt
43 under section 7 of P.L.1948, c.110 (C.43:21-31) or any other
44 provision of that law; provided that the contributions shall be at the
45 rate of 0.50% of wages paid with respect to employment with the
46 State of New Jersey or any other governmental entity or

1 instrumentality electing or required to make payments in lieu of
2 contributions and which is covered by the State plan under the
3 "Temporary Disability Benefits Law," except that, while the worker is
4 exempt from the provisions of the "Temporary Disability Benefits
5 Law" under section 7 of that law, P.L.1948, c.110 (C.43:21-31) or any
6 other provision of that law, or is covered for disability benefits by an
7 approved private plan of the employer, no contributions shall be made
8 to the fund.

9 Each worker shall, starting on January 1, 1996, contribute to the
10 unemployment compensation fund 0.60% of wages paid with respect
11 to the worker's employment with a governmental employer electing or
12 required to pay contributions or nongovernmental employer, including
13 a nonprofit organization which is an employer as defined under
14 paragraph 6 of subsection (h) of R.S.43:21-19, regardless of whether
15 that nonprofit organization elects or is required to finance its benefit
16 costs with contributions to the fund or by payments in lieu of
17 contributions, after that employer has satisfied the conditions set forth
18 in subsection (h) of R.S.43:21-19 with respect to becoming an
19 employer, provided that the contributions shall be at the rate of 0.10%
20 of wages paid with respect to employment with the State of New
21 Jersey or any other governmental entity or instrumentality electing or
22 required to make payments in lieu of contributions.

23 (E) Each employer shall, notwithstanding any provision of law in
24 this State to the contrary, withhold in trust the amount of his workers'
25 contributions from their wages at the time such wages are paid, shall
26 show such deduction on his payroll records, shall furnish such
27 evidence thereof to his workers as the division or controller may
28 prescribe, and shall transmit all such contributions, in addition to his
29 own contributions, to the office of the controller in such manner and
30 at such times as may be prescribed. If any employer fails to deduct the
31 contributions of any of his workers at the time their wages are paid, or
32 fails to make a deduction therefor at the time wages are paid for the
33 next succeeding payroll period, he alone shall thereafter be liable for
34 such contributions, and for the purpose of R.S.43:21-14, such
35 contributions shall be treated as employer's contributions required
36 from him.

37 (F) As used in this chapter (R.S.43:21-1 et seq.), except when the
38 context clearly requires otherwise, the term "contributions" shall
39 include the contributions of workers pursuant to this section.

40 (G) Each worker shall, starting on July 1, 1994, contribute to the
41 State disability benefits fund an amount equal to 0.50% of wages paid
42 with respect to the worker's employment with a government employer
43 electing or required to pay contributions to the State disability benefits
44 fund or nongovernmental employer, including a nonprofit organization
45 which is an employer as defined under paragraph 6 of subsection (h)
46 of R.S.43:21-19, unless the employer is covered by an approved

1 private disability plan or is exempt from the provisions of the
2 "Temporary Disability Benefits Law," P.L.1948 c.110 (C.43:21-25 et
3 seq.) under section 7 of that law (C.43:21-31) or any other provision
4 of that law.

5 (2) (A) (Deleted by amendment, P.L.1984, c.24.)

6 (B) (Deleted by amendment, P.L.1984, c.24.)

7 (C) (Deleted by amendment, P.L.1994, c.112.)

8 (D) (Deleted by amendment, P.L.1994, c.112.)

9 (E)(i) (Deleted by amendment, P.L.1994, c.112.)

10 (ii) Notwithstanding any other provision of this paragraph (2), with
11 respect to wages paid during the period beginning on January 1, 1993
12 and ending June 30, 1994, there shall be deposited in and credited to
13 the State disability benefits fund all worker contributions received by
14 the controller.

15 (iii) (Deleted by amendment, P.L.1994, c.112.)

16 (3) If an employee receives wages from more than one employer
17 during any calendar year, and either the sum of his contributions
18 deposited in and credited to the State disability benefits fund (in
19 accordance with paragraph (2) of this subsection) plus the amount of
20 his contributions, if any, required towards the costs of benefits under
21 one or more approved private plans under the provisions of section 9
22 of the "Temporary Disability Benefits Law" (C.43:21-33) and
23 deducted from his wages, or the sum of such latter contributions, if the
24 employee is covered during such calendar year only by two or more
25 private plans, exceeds an amount equal to 1/2 of 1% of the "wages"
26 determined in accordance with the provisions of R.S.43:21-7(b)(3)
27 during the calendar years beginning on or after January 1, 1976, the
28 employee shall be entitled to a refund of the excess if he makes a claim
29 to the controller within two years after the end of the calendar year in
30 which the wages are received with respect to which the refund is
31 claimed and establishes his right to such refund. Such refund shall be
32 made by the controller from the State disability benefits fund. No
33 interest shall be allowed or paid with respect to any such refund. The
34 controller shall, in accordance with prescribed regulations, determine
35 the portion of the aggregate amount of such refunds made during any
36 calendar year which is applicable to private plans for which deductions
37 were made under section 9 of the "Temporary Disability Benefits
38 Law," such determination to be based upon the ratio of the amount of
39 such wages exempt from contributions to such fund, as provided in
40 subparagraph (B) of paragraph (1) of this subsection with respect to
41 coverage under private plans, to the total wages so exempt plus the
42 amount of such wages subject to contributions to the disability benefits
43 fund, as provided in subparagraph (B) of paragraph (2) of this
44 subsection. The controller shall, in accordance with prescribed
45 regulations, prorate the amount so determined among the applicable
46 private plans in the proportion that the wages covered by each plan

1 bear to the total private plan wages involved in such refunds, and shall
2 assess against and recover from the employer, or the insurer if the
3 insurer has indemnified the employer with respect thereto, the amount
4 so prorated. The provisions of R.S.43:21-14 with respect to
5 collection of employer contributions shall apply to such assessments.
6 The amount so recovered by the controller shall be paid into the State
7 disability benefits fund.

8 (4) If an individual does not receive any wages from the employing
9 unit which for the purposes of this chapter (R.S.43:21-1 et seq.) is
10 treated as his employer, or receives his wages from some other
11 employing unit, such employer shall nevertheless be liable for such
12 individual's contributions in the first instance; and after payment
13 thereof such employer may deduct the amount of such contributions
14 from any sums payable by him to such employing unit, or may recover
15 the amount of such contributions from such employing unit, or, in the
16 absence of such an employing unit, from such individual, in a civil
17 action; provided proceedings therefor are instituted within three
18 months after the date on which such contributions are payable. General
19 rules shall be prescribed whereby such an employing unit may recover
20 the amount of such contributions from such individuals in the same
21 manner as if it were the employer.

22 (5) Every employer who has elected to become an employer
23 subject to this chapter (R.S.43:21-1 et seq.), or to cease to be an
24 employer subject to this chapter (R.S.43:21-1 et seq.), pursuant to the
25 provisions of R.S.43:21-8, shall post and maintain printed notices of
26 such election on his premises, of such design, in such numbers, and at
27 such places as the director may determine to be necessary to give
28 notice thereof to persons in his service.

29 (6) Contributions by workers, payable to the controller as herein
30 provided, shall be exempt from garnishment, attachment, execution, or
31 any other remedy for the collection of debts.

32 (e) Contributions by employers to State disability benefits fund.

33 (1) Except as hereinafter provided, each employer shall, in addition
34 to the contributions required by subsections (a), (b), and (c) of this
35 section, contribute 1/2 of 1% of the wages paid by such employer to
36 workers with respect to employment unless he is not a covered
37 employer as defined in section 3 of the "Temporary Disability Benefits
38 Law" (C.43:21-27 (a)), except that the rate for the State of New
39 Jersey shall be 1/10 of 1% for the calendar year 1980 and for the first
40 six months of 1981. Prior to July 1, 1981 and prior to July 1 each year
41 thereafter, the controller shall review the experience accumulated in
42 the account of the State of New Jersey and establish a rate for the next
43 following fiscal year which, in combination with worker contributions,
44 will produce sufficient revenue to keep the account in balance; except
45 that the rate so established shall not be less than 1/10 of 1%. Such
46 contributions shall become due and be paid by the employer to the

1 controller for the State disability benefits fund as established by law,
2 in accordance with such regulations as may be prescribed, and shall
3 not be deducted, in whole or in part, from the remuneration of
4 individuals in his employ. In the payment of any contributions, a
5 fractional part of a cent shall be disregarded unless it amounts to
6 \$0.005 or more, in which case it shall be increased to \$0.01.

7 (2) During the continuance of coverage of a worker by an
8 approved private plan of disability benefits under the "Temporary
9 Disability Benefits Law," the employer shall be exempt from the
10 contributions required by subparagraph (1) above with respect to
11 wages paid to such worker.

12 (3) (A) The rates of contribution as specified in subparagraph (1)
13 above shall be subject to modification as provided herein with respect
14 to employer contributions due on and after July 1, 1951.

15 (B) A separate disability benefits account shall be maintained for
16 each employer required to contribute to the State disability benefits
17 fund and such account shall be credited with contributions deposited
18 in and credited to such fund with respect to employment occurring on
19 and after January 1, 1949. Each employer's account shall be credited
20 with all contributions paid on or before January 31 of any calendar
21 year on his own behalf and on behalf of individuals in his service with
22 respect to employment occurring in preceding calendar years;
23 provided, however, that if January 31 of any calendar year falls on a
24 Saturday or Sunday an employer's account shall be credited as of
25 January 31 of such calendar year with all the contributions which he
26 has paid on or before the next succeeding day which is not a Saturday
27 or Sunday. But nothing in this act shall be construed to grant any
28 employer or individuals in his service prior claims or rights to the
29 amounts paid by him to the fund either on his own behalf or on behalf
30 of such individuals. Benefits paid to any covered individual in
31 accordance with Article III of the "Temporary Disability Benefits
32 Law" on or before December 31 of any calendar year with respect to
33 disability in such calendar year and in preceding calendar years shall be
34 charged against the account of the employer by whom such individual
35 was employed at the commencement of such disability or by whom he
36 was last employed, if out of employment.

37 (C) The controller may prescribe regulations for the establishment,
38 maintenance, and dissolution of joint accounts by two or more
39 employers, and shall, in accordance with such regulations and upon
40 application by two or more employers to establish such an account, or
41 to merge their several individual accounts in a joint account, maintain
42 such joint account as if it constituted a single employer's account.

43 (D) Prior to July 1 of each calendar year, the controller shall make
44 a preliminary determination of the rate of contribution for the 12
45 months commencing on such July 1 for each employer subject to the
46 contribution requirements of this subsection (e).

1 (1) Such preliminary rate shall be $\frac{1}{2}$ of 1% unless on the
2 preceding January 31 of such year such employer shall have been a
3 covered employer who has paid contributions to the State disability
4 benefits fund with respect to employment in the three calendar years
5 immediately preceding such year.

6 (2) If the minimum requirements in (1) above have been fulfilled
7 and the credited contributions exceed the benefits charged by more
8 than \$500.00, such preliminary rate shall be as follows:

9 (i) $\frac{2}{10}$ of 1% if such excess over \$500.00 exceeds 1% but is less
10 than $1\frac{1}{4}\%$ of his average annual payroll (as defined in this chapter
11 (R.S.43:21-1 et seq.));

12 (ii) $\frac{15}{100}$ of 1% if such excess over \$500.00 equals or exceeds 1
13 $\frac{1}{4}\%$ but is less than $1\frac{1}{2}\%$ of his average annual payroll;

14 (iii) $\frac{1}{10}$ of 1% if such excess over \$500.00 equals or exceeds 1
15 $\frac{1}{2}\%$ of his average annual payroll.

16 (3) If the minimum requirements in (1) above have been fulfilled
17 and the contributions credited exceed the benefits charged but by not
18 more than \$500.00 plus 1% of his average annual payroll, or if the
19 benefits charged exceed the contributions credited but by not more
20 than \$500.00, the preliminary rate shall be $\frac{1}{4}$ of 1%.

21 (4) If the minimum requirements in (1) above have been fulfilled
22 and the benefits charged exceed the contributions credited by more
23 than \$500.00, such preliminary rate shall be as follows:

24 (i) $\frac{35}{100}$ of 1% if such excess over \$500.00 is less than $\frac{1}{4}$ of
25 1% of his average annual payroll;

26 (ii) $\frac{45}{100}$ of 1% if such excess over \$500.00 equals or exceeds
27 $\frac{1}{4}$ of 1% but is less than $\frac{1}{2}$ of 1% of his average annual payroll;

28 (iii) $\frac{55}{100}$ of 1% if such excess over \$500.00 equals or exceeds
29 $\frac{1}{2}$ of 1% but is less than $\frac{3}{4}$ of 1% of his average annual payroll;

30 (iv) $\frac{65}{100}$ of 1% if such excess over \$500.00 equals or exceeds
31 $\frac{3}{4}$ of 1% but is less than 1% of his average annual payroll;

32 (v) $\frac{75}{100}$ of 1% if such excess over \$500.00 equals or exceeds
33 1% of his average annual payroll.

34 (5) Determination of the preliminary rate as specified in (2), (3)
35 and (4) above shall be subject, however, to the condition that it shall
36 in no event be decreased by more than $\frac{1}{10}$ of 1% of wages or
37 increased by more than $\frac{2}{10}$ of 1% of wages from the preliminary rate
38 determined for the preceding year in accordance with (1), (2), (3) or
39 (4), whichever shall have been applicable.

40 (E) (1) Prior to July 1 of each calendar year the controller shall
41 determine the amount of the State disability benefits fund as of
42 December 31 of the preceding calendar year, increased by the
43 contributions paid thereto during January of the current calendar year
44 with respect to employment occurring in the preceding calendar year.
45 If such amount exceeds the net amount withdrawn from the
46 unemployment trust fund pursuant to section 23 of the "Temporary

1 Disability Benefits Law," P.L.1948, c.110 (C.43:21-47) plus the
2 amount at the end of such preceding calendar year of the
3 unemployment disability account (as defined in section 22 of said law
4 (C.43:21-46)), such excess shall be expressed as a percentage of the
5 wages on which contributions were paid to the State disability benefits
6 fund on or before January 31 with respect to employment in the
7 preceding calendar year.

8 (2) The controller shall then make a final determination of the rates
9 of contribution for the 12 months commencing July 1 of such year for
10 employers whose preliminary rates are determined as provided in (D)
11 hereof, as follows:

12 (i) If the percentage determined in accordance with paragraph
13 (E)(1) of this subsection equals or exceeds $1\frac{1}{4}\%$, the final employer
14 rates shall be the preliminary rates determined as provided in (D)
15 hereof, except that if the employer's preliminary rate is determined as
16 provided in (D)(2) or (D)(3) hereof, the final employer rate shall be
17 the preliminary employer rate decreased by such percentage of excess
18 taken to the nearest $\frac{5}{100}$ of 1%, but in no case shall such final rate
19 be less than $\frac{1}{10}$ of 1%.

20 (ii) If the percentage determined in accordance with paragraph
21 (E)(1) of this subsection equals or exceeds $\frac{3}{4}$ of 1% and is less than
22 $1\frac{1}{4}$ of 1%, the final employer rates shall be the preliminary employer
23 rates.

24 (iii) If the percentage determined in accordance with paragraph
25 (E)(1) of this subsection is less than $\frac{3}{4}$ of 1%, but in excess of $\frac{1}{4}$ of
26 1%, the final employer rates shall be the preliminary employer rates
27 determined as provided in (D) hereof increased by the difference
28 between $\frac{3}{4}$ of 1% and such percentage taken to the nearest $\frac{5}{100}$ of
29 1%; provided, however, that no such final rate shall be more than $\frac{1}{4}$
30 of 1% in the case of an employer whose preliminary rate is determined
31 as provided in (D)(2) hereof, more than $\frac{1}{2}$ of 1% in the case of an
32 employer whose preliminary rate is determined as provided in (D)(1)
33 and (D)(3) hereof, nor more than $\frac{3}{4}$ of 1% in the case of an employer
34 whose preliminary rate is determined as provided in (D)(4) hereof.

35 (iv) If the amount of the State disability benefits fund determined
36 as provided in paragraph (E)(1) of this subsection is equal to or less
37 than $\frac{1}{4}$ of 1%, then the final rate shall be $\frac{2}{5}$ of 1% in the case of an
38 employer whose preliminary rate is determined as provided in (D)(2)
39 hereof, $\frac{7}{10}$ of 1% in the case of an employer whose preliminary rate
40 is determined as provided in (D)(1) and (D)(3) hereof, and 1.1% in the
41 case of an employer whose preliminary rate is determined as provided
42 in (D)(4) hereof. Notwithstanding any other provision of law or any
43 determination made by the controller with respect to any 12-month
44 period commencing on July 1, 1970, the final rates for all employers
45 for the period beginning January 1, 1971, shall be as set forth herein.
46 (cf: P.L.1995, c.422, s.1)

1 2. This act shall take effect immediately.

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STATEMENT

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6 This bill provides that no employer's account will be charged for
7 unemployment insurance benefits paid to a claimant if the claimant's
8 employment by that employer was ended in any way which would have
9 disqualified the claimant for benefits if the claimant had applied for
10 benefits at the time when that employment ended.

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15 Eliminates charges against UI accounts of employers who do not lay
16 off claimants.