

SENATE, No. 329

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Senator LITTELL

1 AN ACT concerning charity care subsidies to hospitals and amending  
2 P.L.1992, c.160, P.L.1971, c.346, and 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. Section 8 of P.L.1992, c.160 (C.26:2H-18.58) is amended to  
8 read as follows:

9 8. There is established the Health Care Subsidy Fund in the  
10 Department of Health.

11 a. The fund shall be comprised of revenues from employee and  
12 employer contributions made pursuant to section 29 of P.L.1992,  
13 c.160 (C.43:21-7b), revenues from the hospital assessment made  
14 pursuant to section 12 of [this act] P.L.1992, c.160 (C.26:2H-18.62),  
15 revenues from interest and penalties collected pursuant to [this act]  
16 P.L.1992, c.160 (C.26:2H-18.51 et al.) and revenues from such other  
17 sources as the Legislature shall determine. Interest earned on the  
18 monies in the fund shall be credited to the fund.

19 The fund shall be a nonlapsing fund dedicated for use by the State  
20 to: (1) distribute charity care and other uncompensated care  
21 disproportionate share payments to hospitals, and provide subsidies for  
22 the Health Access New Jersey program established pursuant to section  
23 15 of [this act] P.L.1992, c.160 (C.26:2H-18.65); and (2) assist  
24 hospitals and other health care facilities in the underwriting of  
25 innovative and necessary health care services.

26 b. The fund shall be administered by a person appointed by the  
27 commissioner.

28 The administrator of the fund is responsible for overseeing and  
29 coordinating the collection and reimbursement of fund monies. The  
30 administrator is responsible for promptly informing the commissioner  
31 if monies are not or are not reasonably expected to be collected or  
32 disbursed or if the fund's reserve as established in subsection c. of this

**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 section falls below the required level.

2 c. The fund shall maintain a reserve in an amount not to exceed  
3 \$20 million. The commissioner shall adopt rules and regulations to  
4 govern the use of the reserve and to ensure the integrity of the fund,  
5 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
6 (C.52:14B-1 et seq.).

7 d. The administrator shall establish separate accounts for the  
8 charity care component of the disproportionate share hospital subsidy,  
9 other uncompensated care component of the disproportionate share  
10 hospital subsidy, hospital and other health care initiatives funding and  
11 the payments for subsidies for insurance premiums to provide care in  
12 disproportionate share hospitals, known as the Health Access New  
13 Jersey subsidy account, respectively.

14 e. In the event that the charity care component of the  
15 disproportionate share hospital subsidy account has a surplus in a  
16 given year after payments are distributed pursuant to the methodology  
17 established in section 13 of P.L.1995, c.133 (C.26:2H-18.59b) and  
18 within the limitations provided in subsection e. of section 9 of  
19 P.L.1992, c.160 (C.26:2H-18.59), the commissioner may reallocate  
20 the surplus monies to the Health Access New Jersey subsidy account.  
21 (cf: P.L.1995, c.133, s.4)

22

23 2. Section 9 of P.L.1992, c.160 (C.26:2H-18.59) is amended to  
24 read as follows:

25 9. a. The commissioner shall allocate such funds as specified in  
26 subsection e. of this section to the charity care component of the  
27 disproportionate share hospital subsidy account. In a given year, the  
28 department shall transfer from the fund to the Division of Medical  
29 Assistance and Health Services in the Department of Human Services  
30 such funds as may be necessary for the total approved charity care  
31 disproportionate share payments to hospitals for that year.

32 b. For the period January 1, 1993 to December 31, 1993, the  
33 commission shall allocate \$500 million to the charity care component  
34 of the disproportionate share hospital subsidy account. The  
35 Department of Health shall recommend the amount that the Division  
36 of Medical Assistance and Health Services shall pay to an eligible  
37 hospital on a provisional, monthly basis pursuant to paragraphs (1) and  
38 (2) of this subsection. The department shall also advise the  
39 commission and each eligible hospital of the amount a hospital is  
40 entitled to receive.

41 (1) The department shall determine if a hospital is eligible to  
42 receive a charity care subsidy in 1993 based on the following:

- 43 Hospital Specific Approved Uncompensated Care-1991
- 44 .....
- 45 Hospital Specific Preliminary Cost Base-1992
- 46 = Hospital Specific % Uncompensated Care (%UC)

1 A hospital is eligible for a charity care subsidy in 1993 if, upon  
2 establishing a rank order of the %UC for all hospitals, the hospital is  
3 among the 80% of hospitals with the highest %UC.

4 (2) The maximum amount of the charity care subsidy an eligible  
5 hospital may receive in 1993 shall be based on the following:

$$\begin{array}{l}
6 \quad \text{Hospital Specific Approved Uncompensated Care-1991} \\
7 \quad \text{.....} \\
8 \quad \text{Total approved Uncompensated Care All Eligible Hospitals-1991} \\
9 \quad \quad \quad \text{X \$500 million} \\
10 \quad \quad \quad = \text{Maximum Amount of Hospital Specific} \\
11 \quad \quad \quad \text{Charity Care Subsidy for 1993}
\end{array}$$

12 (3) A hospital shall be required to submit all claims for charity care  
13 cost reimbursement, as well as demographic information about the  
14 persons who qualify for charity care, to the department in a manner  
15 and time frame specified by the Commissioner of Health, in order to  
16 continue to be eligible for a charity care subsidy in 1993 and in  
17 subsequent years.

18 The demographic information shall include the recipient's age, sex,  
19 marital status, employment status, type of health insurance coverage,  
20 if any, and if the recipient is a child under 18 years of age who does  
21 not have health insurance coverage or a married person who does not  
22 have health insurance coverage, whether the child's parent or the  
23 married person's spouse, as the case may be, has health insurance.

24 (4) A hospital shall be reimbursed for the cost of eligible charity  
25 care at the same rate paid to that hospital by the Medicaid program;  
26 except that charity care services provided to emergency room patients  
27 who do not require those services on an emergency basis shall be  
28 reimbursed at a rate appropriate for primary care, according to a  
29 schedule of payments developed by the commission.

30 (5) The department shall provide for an audit of a hospital's charity  
31 care for 1993 within a time frame established by the department.

32 c. For the period January 1, 1994 to December 31, 1994, a hospital  
33 shall receive disproportionate share payments from the Division of  
34 Medical Assistance and Health Services based on the amount of  
35 charity care submitted to the commission or its designated agent, in a  
36 form and manner specified by the commission. The commission or its  
37 designated agent shall review and price all charity care claims and  
38 notify the Division of Medical Assistance and Health Services of the  
39 amount it shall pay to each hospital on a monthly basis based on actual  
40 services rendered.

41 (1) (Deleted by amendment, P.L.1995, c.133.)

42 (2) If the commission is not able to fully implement the charity care  
43 claims pricing system by January 1, 1994, the commission shall  
44 continue to make provisional disproportionate share payments to  
45 eligible hospitals, through the Division of Medical Assistance and  
46 Health Services, based on the charity care costs incurred by all

1 hospitals in 1993, until such time as the commission is able to  
2 implement the claims pricing system.

3 If there are additional charity care balances available after the 1994  
4 distribution based on 1993 charity care costs, the department shall  
5 transfer these available balances from the fund to the Division of  
6 Medical Assistance and Health Services for an approved one-time  
7 additional disproportionate share payment to hospitals according to  
8 the methodology provided in section 12 of P.L.1995, c.133  
9 (C.26:2H-18.59a). The total payment for all hospitals shall not exceed  
10 \$75.5 million.

11 (3) A hospital shall be reimbursed for the cost of eligible charity  
12 care at the same rate paid to that hospital by the Medicaid program;  
13 except that charity care services provided to emergency room patients  
14 who do not require those services on an emergency basis shall be  
15 reimbursed at a rate appropriate for primary care, according to a  
16 schedule of payments developed by the commission.

17 (4) (Deleted by amendment, P.L.1995, c.133.)

18 d. (Deleted by amendment, P.L.1995, c.133.)

19 e. The total amount allocated for charity care subsidy payments  
20 shall be: in 1994, \$450 million [and], in 1995, \$400 million and in  
21 1996, \$300 million. Total payments to hospitals shall not exceed the  
22 amount allocated for each given year.

23 f. Beginning January 1, 1995:

24 (1) The charity care subsidy shall be determined pursuant to  
25 section 13 of P.L.1995, c.133 (C.26:2H-18.59b).

26 (2) A charity care claim shall be valued at the same rate paid to  
27 that hospital by the Medicaid program, except that charity care  
28 services provided to emergency room patients who do not require  
29 those services on an emergency basis shall be valued at a rate  
30 appropriate for primary care according to a schedule of payments  
31 adopted by the commissioner.

32 (3) The department shall provide for an audit of a hospital's charity  
33 care within a time frame established by the commissioner.

34 (cf: P.L.1995, c.133, s.5)

35

36 3. Section 13 of P.L.1995, c.133 (C.26:2H-18.59b) is amended to  
37 read as follows:

38 13. a. For the period January 1, 1995 to [December 31, 1995]  
39 March 31, 1996, the charity care subsidy shall be determined  
40 according to the following methodology.

41 The hospital-specific charity care subsidy shall be determined by  
42 allocating available charity care funds so as to equalize  
43 hospital-specific payer mix factors to the Statewide target payer mix  
44 factor. Those hospitals with a payer mix factor greater than the  
45 Statewide target payer mix factor shall be eligible to receive a subsidy  
46 sufficient to reduce their factor to that Statewide level; those hospitals

1 with a payer mix factor that is equal to or less than the Statewide  
2 target payer mix factor shall not be eligible to receive a subsidy.

3 The commissioner shall adjust the distribution of subsidies to  
4 hospitals under this methodology to account for any provisional or  
5 interim payments made to hospitals in 1995 prior to the effective date  
6 of P.L.1995, c.133 (C.26:2H-18.59a et al.). In no case shall the total  
7 amount of payments to any hospital exceed what the hospital would  
8 have otherwise received if this methodology had been in effect for the  
9 entire year.

10 As used in this subsection:

11 (1) The hospital-specific "1993 approved charity care" shall be  
12 equal to the hospital's 1993 charity care as audited by the department  
13 plus 28.36% of the hospital's bad debt as reported on the hospital's  
14 1993 Actual Cost Reports and valued at 1994 Medicaid reimbursement  
15 rates;

16 (2) The hospital-specific "operating margin" shall be equal to: the  
17 hospital's 1993 income from operations minus its 1993 charity care  
18 subsidy divided by the hospital's 1993 total operating revenue minus  
19 its 1993 charity care subsidy. After calculating each hospital's  
20 operating margin, the department shall determine the Statewide  
21 median operating margin;

22 (3) The hospital-specific "profitability factor" shall be determined  
23 as follows. Those hospitals that are equal to or below the Statewide  
24 median operating margin shall be assigned a profitability factor of "1."  
25 For those hospitals that are above the Statewide median operating  
26 margin, the profitability factor shall be equal to:

$$\begin{aligned}
& .75 \times (\text{hospital specific operating} \\
& \text{margin} - \text{Statewide median operating margin}) \\
29 \quad & 1 - \dots\dots\dots \\
& \text{highest hospital specific operating} \\
& \text{margin} - \text{Statewide median operating margin}
\end{aligned}$$

33 (4) The hospital-specific "adjusted charity care" shall be equal to  
34 the hospital-specific 1993 approved charity care times the  
35 hospital-specific profitability factor;

36 (5) The hospital-specific "revenue from private payers" shall be  
37 equal to the sum of the gross revenues, as reported to the department  
38 in the hospital's 1993 Actual Cost Reports for all non-governmental  
39 third party payers including, but not limited to, Blue Cross and Blue  
40 Shield plans, commercial insurers and health maintenance  
41 organizations;

42 (6) The hospital-specific "payer mix factor" shall be equal to the  
43 hospital's adjusted charity care divided by its revenue from private  
44 payers; and

45 (7) The "Statewide target payer mix factor" is the lowest payer mix  
46 factor to which all hospitals receiving charity care subsidies can be

1 reduced by spending all of the \$400 million in funding allocated for  
2 charity care subsidies for 1995.

3 b. For the purposes of this section and section 12 of P.L.1995,  
4 c.133 (C.26:2H-18.59a), "income from operations" and "total  
5 operating revenue" shall be defined by the department in accordance  
6 with financial reporting requirements established pursuant to  
7 N.J.A.C.8:31B-3.3.

8 c. Any charity care subsidy funds that are not distributed in a given  
9 year pursuant to this section shall lapse to the Health Care Subsidy  
10 Fund and may be transferred by the commissioner to the Health Access  
11 New Jersey subsidy account in the fund.

12 (cf: P.L.1995,c.133,s.13)

13

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

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

26 (a) Payment.

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

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

38 (b) Rate of contributions. Each employer shall pay the following  
39 contributions:

40 (1) For the calendar year 1947, and each calendar year thereafter,  
41  $2\frac{7}{10}\%$  of wages paid by him during each such calendar year, except  
42 as otherwise prescribed by subsection (c) of this section.

43 (2) The "wages" of any individual, with respect to any one  
44 employer, as the term is used in this subsection (b) and in subsections  
45 (c), (d) and (e) of this section 7, shall include the first \$4,800.00 paid  
46 during calendar year 1975, for services performed either within or

1 without this State; provided that no contribution shall be required by  
2 this State with respect to services performed in another state if such  
3 other state imposes contribution liability with respect thereto. If an  
4 employer (hereinafter referred to as a successor employer) during any  
5 calendar year acquires substantially all the property used in a trade or  
6 business of another employer (hereinafter referred to as a  
7 predecessor), or used in a separate unit of a trade or business of a  
8 predecessor, and immediately after the acquisition employs in his trade  
9 or business an individual who immediately prior to the acquisition was  
10 employed in the trade or business of such predecessor, then, for the  
11 purpose of determining whether the successor employer has paid  
12 wages with respect to employment equal to the first \$4,800.00 paid  
13 during calendar year 1975, any wages paid to such individual by such  
14 predecessor during such calendar year and prior to such acquisition  
15 shall be considered as having been paid by such successor employer.

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

33 (c) Future rates based on benefit experience.

34 (1) A separate account for each employer shall be maintained and  
35 this shall be credited with all the contributions which he has paid on  
36 his own behalf on or before January 31 of any calendar year with  
37 respect to employment occurring in the preceding calendar year;  
38 provided, however, that if January 31 of any calendar year falls on a  
39 Saturday or Sunday, an employer's account shall be credited as of  
40 January 31 of such calendar year with all the contributions which he  
41 has paid on or before the next succeeding day which is not a Saturday  
42 or Sunday. But nothing in this chapter (R.S.43:21-1 et seq.) shall be  
43 construed to grant any employer or individuals in his service prior  
44 claims or rights to the amounts paid by him into the fund either on his  
45 own behalf or on behalf of such individuals. Benefits paid with respect  
46 to benefit years commencing on and after January 1, 1953, to any

1 individual on or before December 31 of any calendar year with respect  
2 to unemployment in such calendar year and in preceding calendar years  
3 shall be charged against the account or accounts of the employer or  
4 employers in whose employment such individual established base  
5 weeks constituting the basis of such benefits. Benefits paid under a  
6 given benefit determination shall be charged against the account of the  
7 employer to whom such determination relates. When each benefit  
8 payment is made, either a copy of the benefit check or other form of  
9 notification shall be promptly sent to the employer against whose  
10 account the benefits are to be charged. Such copy or notification shall  
11 identify the employer against whose account the amount of such  
12 payment is being charged, shall show at least the name and social  
13 security account number of the claimant and shall specify the period  
14 of unemployment to which said check applies. If the total amount of  
15 benefits paid to a claimant and charged to the account of the  
16 appropriate employer exceeds 50% of the total base year, base week  
17 wages paid to the claimant by that employer, then such employer shall  
18 have canceled from his account such excess benefit charges as  
19 specified above.

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

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

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

33 (4) Employer Reserve Ratio. (A) Each employer's rate shall be 2  
34 8/10%, except as otherwise provided in the following provisions. No  
35 employer's rate for the 12 months commencing July 1 of any calendar  
36 year shall be other than 2 8/10%, unless as of the preceding January 31  
37 such employer shall have paid contributions with respect to wages paid  
38 in each of the three calendar years immediately preceding such year,  
39 in which case such employer's rate for the 12 months commencing July  
40 1 of any calendar year shall be determined on the basis of his record  
41 up to the beginning of such calendar year. If, at the beginning of such  
42 calendar year, the total of all his contributions, paid on his own behalf,  
43 for all past years exceeds the total benefits charged to his account for  
44 all such years, his contribution rate shall be:

45 (1) 2 5/10%, if such excess equals or exceeds 4%, but less than  
46 5%, of his average annual payroll (as defined in paragraph (2)),

- 1 subsection (a) of R.S.43:21-19);
- 2 (2)  $2\frac{2}{10}\%$ , if such excess equals or exceeds 5%, but is less than
- 3 6%, of his average annual payroll;
- 4 (3)  $1\frac{9}{10}\%$ , if such excess equals or exceeds 6%, but is less than
- 5 7%, of his average annual payroll;
- 6 (4)  $1\frac{6}{10}\%$ , if such excess equals or exceeds 7%, but is less than
- 7 8%, of his average annual payroll;
- 8 (5)  $1\frac{3}{10}\%$ , if such excess equals or exceeds 8%, but is less than
- 9 9%, of his average annual payroll;
- 10 (6) 1%, if such excess equals or exceeds 9%, but is less than 10%,
- 11 of his average annual payroll;
- 12 (7)  $\frac{7}{10}$  of 1%, if such excess equals or exceeds 10%, but is less
- 13 than 11%, of his average annual payroll;
- 14 (8)  $\frac{4}{10}$  of 1%, if such excess equals or exceeds 11% of his
- 15 average annual payroll.
- 16 (B) If the total of an employer's contributions, paid on his own
- 17 behalf, for all past periods for the purposes of this paragraph (4), is
- 18 less than the total benefits charged against his account during the same
- 19 period, his rate shall be:
- 20 (1) 4%, if such excess is less than 10% of his average annual
- 21 payroll;
- 22 (2)  $4\frac{3}{10}\%$ , if such excess equals or exceeds 10%, but is less than
- 23 20%, of his average annual payroll;
- 24 (3)  $4\frac{6}{10}\%$ , if such excess equals or exceeds 20% of his average
- 25 annual payroll.
- 26 (C) Specially assigned rates. If no contributions were paid on
- 27 wages for employment in any calendar year used in determining the
- 28 average annual payroll of an employer eligible for an assigned rate
- 29 under this paragraph (4), the employer's rate shall be specially assigned
- 30 as follows:
- 31 (i) if the reserve balance in its account is positive, its assigned rate
- 32 shall be the highest rate in effect for positive balance accounts for that
- 33 period, or 5.4%, whichever is higher, and (ii) if the reserve balance in
- 34 its account is negative, its assigned rate shall be the highest rate in
- 35 effect for deficit accounts for that period.
- 36 (D) The contribution rates prescribed by subparagraphs (A) and
- 37 (B) of this paragraph (4) shall be increased or decreased in accordance
- 38 with the provisions of paragraph (5) of this subsection (c) for
- 39 experience rating periods through June 30, 1986.
- 40 (5) (A) Unemployment Trust Fund Reserve Ratio. If on March 31
- 41 of any calendar year the balance in the unemployment trust fund equals
- 42 or exceeds 4% but is less than 7% of the total taxable wages reported
- 43 to the controller as of that date in respect to employment during the
- 44 preceding calendar year, the contribution rate, effective July 1
- 45 following, of each employer eligible for a contribution rate calculation
- 46 based upon benefit experience, shall be increased by  $\frac{3}{10}$  of 1% over

1 the contribution rate otherwise established under the provisions of  
2 paragraph (3) or (4) of this subsection. If on March 31 of any  
3 calendar year the balance of the unemployment trust fund exceeds 2  
4  $1\frac{1}{2}\%$  but is less than 4% of the total taxable wages reported to the  
5 controller as of that date in respect to employment during the  
6 preceding calendar year, the contribution rate, effective July 1  
7 following, of each employer eligible for a contribution rate calculation  
8 based upon benefit experience, shall be increased by  $\frac{6}{10}$  of 1% over  
9 the contribution rate otherwise established under the provisions of  
10 paragraph (3) or (4) of this subsection.

11 If on March 31 of any calendar year the balance of the  
12 unemployment trust fund is less than  $2\frac{1}{2}\%$  of the total taxable wages  
13 reported to the controller as of that date in respect to employment  
14 during the preceding calendar year, the contribution rate, effective July  
15 1 following, of each employer (1) eligible for a contribution rate  
16 calculation based upon benefit experience, shall be increased by (i)  
17  $\frac{6}{10}$  of 1% over the contribution rate otherwise established under the  
18 provisions of paragraph (3), (4)(A) or (4)(B) of this subsection, and  
19 (ii) an additional amount equal to 20% of the total rate established  
20 herein, provided, however, that the final contribution rate for each  
21 employer shall be computed to the nearest multiple of  $\frac{1}{10}\%$  if not  
22 already a multiple thereof; (2) not eligible for a contribution rate  
23 calculation based upon benefit experience, shall be increased by  $\frac{6}{10}$   
24 of 1% over the contribution rate otherwise established under the  
25 provisions of paragraph (4) of this subsection. For the period  
26 commencing July 1, 1984 and ending June 30, 1986, the contribution  
27 rate for each employer liable to pay contributions under R.S.43:21-7  
28 shall be increased by a factor of 10% computed to the nearest multiple  
29 of  $\frac{1}{10}\%$  if not already a multiple thereof.

30 (B) If on March 31 of any calendar year the balance in the  
31 unemployment trust fund equals or exceeds 10% but is less than 12  
32  $\frac{1}{2}\%$  of the total taxable wages reported to the controller as of that  
33 date in respect to employment during the preceding calendar year, the  
34 contribution rate, effective July 1 following, of each employer eligible  
35 for a contribution rate calculation based upon benefit experience, shall  
36 be reduced by  $\frac{3}{10}$  of 1% under the contribution rate otherwise  
37 established under the provisions of paragraphs (3) and (4) of this  
38 subsection; provided that in no event shall the contribution rate of any  
39 employer be reduced to less than  $\frac{4}{10}$  of 1%. If on March 31 of any  
40 calendar year the balance in the unemployment trust fund equals or  
41 exceeds  $12\frac{1}{2}\%$  of the total taxable wages reported to the controller  
42 as of that date in respect to employment during the preceding calendar  
43 year, the contribution rate, effective July 1 following, of each  
44 employer eligible for a contribution rate calculation based upon benefit  
45 experience, shall be reduced by  $\frac{6}{10}$  of 1% if his account for all past  
46 periods reflects an excess of contributions paid over total benefits

1 charged of 3% or more of his average annual payroll, otherwise by  
 2 3/10 of 1% under the contribution rate otherwise established under the  
 3 provisions of paragraphs (3) and (4) of this subsection; provided that  
 4 in no event shall the contribution rate of any employer be reduced to  
 5 less than 4/10 of 1%.

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

12 (D) Prior to July 1 of each calendar year the controller shall  
 13 determine the Unemployment Trust Reserve Ratio, which shall be  
 14 calculated by dividing the balance of the unemployment trust fund as  
 15 of the prior March 31 by total taxable wages reported to the controller  
 16 by all employers as of March 31 with respect to their employment  
 17 during the last calendar year.

18 (E) With respect to experience rating years beginning on or after  
 19 July 1, 1986, the new employer rate or the unemployment experience  
 20 rate of an employer under this section shall be the rate which appears  
 21 in the column headed by the Unemployment Trust Fund Reserve Ratio  
 22 as of the applicable calculation date and on the line with the Employer  
 23 Reserve Ratio, as defined in paragraph 4 of this subsection  
 24 (R.S.43:21-7 (c)(4)), as set forth in the following table:  
 25

26 EXPERIENCE RATING TAX TABLE  
 27

28	29	Fund Reserve Ratio <sup>1</sup>				
		10.00%	7.00%	4.00%	2.50%	2.49%
30	Employer	and	to	to	to	and
31	Reserve	Over	9.99%	6.99%	3.99%	Under
32	Ratio <sup>2</sup>	A	B	C	D	E
33	Positive Reserve Ratio:					
34	17% and over	0.3	0.4	0.5	0.6	1.2
35	16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
36	15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
37	14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
38	13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
39	12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
40	11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
41	10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
42	9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
43	8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
44	7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
45	6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0

1	5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
2	4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
3	3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
4	2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
5	1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
6	0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
7						
8	Deficit Resrve Ratio:					
9	-0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
10	-3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
11	-6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
12	-9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4
13	-12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5
14	-15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6
15	-20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7
16	-25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8
17	-30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9
18	-35.00% and under	5.4	5.4	5.8	6.4	7.0
19	New Employer Rate	2.8	2.8	2.8	3.1	3.4

20

21 <sup>1</sup> Fund balance as of March 31 as a percentage of taxable wages in the prior  
22 calendar year.

23 <sup>2</sup> Employer Reserve Ratio (Contributions minus benefits as a percentage of  
24 employer's taxable wages.

25

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

32 (G) On or after January 1, 1993, and ending December 31, 1997,  
33 notwithstanding any other provisions of this paragraph (5), the  
34 contribution rate for each employer liable to pay contributions, as  
35 computed under subparagraph (E) of this paragraph (5), shall be  
36 decreased by 0.1%, except that, during any experience rating year in  
37 which the fund reserve ratio is equal to or greater than 7.00%, there  
38 shall be no decrease pursuant to this subparagraph (G) in the  
39 contribution of any employer who has a deficit reserve ratio of  
40 negative 35.00% or under.

41 (H) On or after January 1, 1993 until December 31, 1993,  
42 notwithstanding any other provisions of this paragraph (5), the  
43 contribution rate for each employer liable to pay contributions, as  
44 computed under subparagraph (E) of this paragraph (5), shall be

1 decreased by a factor of 52.0% computed to the nearest multiple of  
2 1/10%, except that, if an employer has a deficit reserve ratio of  
3 negative 35.0% or under, the employer's rate of contribution shall not  
4 be reduced pursuant to this subparagraph (H) to less than 5.4%. The  
5 amount of the reduction in the employer contributions stipulated by  
6 this subparagraph (H) shall be in addition to the amount of the  
7 reduction in the employer contributions stipulated by subparagraph (G)  
8 of this paragraph (5), except that the rate of contribution of an  
9 employer who has a deficit reserve ratio of negative 35.0% or under  
10 shall not be reduced pursuant to this subparagraph (H) to less than  
11 5.4% and the rate of contribution of any other employer shall not be  
12 reduced to less than 0.0%.

13 On or after January 1, 1994 until December 31, 1995, except as  
14 provided pursuant to subparagraph (I) of this paragraph (5),  
15 notwithstanding any other provisions of this paragraph (5), the  
16 contribution rate for each employer liable to pay contributions, as  
17 computed under subparagraph (E) of this paragraph (5), shall be  
18 decreased by a factor of 36.0% computed to the nearest multiple of  
19 1/10%, except that, if an employer has a deficit reserve ratio of  
20 negative 35.0% or under, the employer's rate of contribution shall not  
21 be reduced pursuant to this subparagraph (H) to less than 5.4%. The  
22 amount of the reduction in the employer contributions stipulated by  
23 this subparagraph (H) shall be in addition to the amount of the  
24 reduction in the employer contributions stipulated by subparagraph (G)  
25 of this paragraph (5), except that the rate of contribution of an  
26 employer who has a deficit reserve ratio of negative 35.0% or under  
27 shall not be reduced pursuant to this subparagraph (H) to less than  
28 5.4% and the rate of contribution of any other employer shall not be  
29 reduced to less than 0.0%.

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

34 (6) Additional contributions.

35 Notwithstanding any other provision of law, any employer who has  
36 been assigned a contribution rate pursuant to subsection (c) of this  
37 section for the year commencing July 1, 1948, and for any year  
38 commencing July 1 thereafter, may voluntarily make payment of  
39 additional contributions, and upon such payment shall receive a  
40 recomputation of the experience rate applicable to such employer,  
41 including in the calculation the additional contribution so made. Any  
42 such additional contribution shall be made during the 30-day period  
43 following the date of the mailing to the employer of the notice of his  
44 contribution rate as prescribed in this section, unless, for good cause,  
45 the time for payment has been extended by the controller for not to  
46 exceed an additional 60 days; provided that in no event may such

1 payments which are made later than 120 days after the beginning of  
2 the year for which such rates are effective be considered in  
3 determining the experience rate for the year in which the payment is  
4 made. Any employer receiving any extended period of time within  
5 which to make such additional payment and failing to make such  
6 payment timely shall be, in addition to the required amount of  
7 additional payment, a penalty of 5% thereof or \$5.00, whichever is  
8 greater, not to exceed \$50.00. Any adjustment under this subsection  
9 shall be made only in the form of credits against accrued or future  
10 contributions.

11 (7) Transfers.

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

33 (B) An employer who transfers part of his or its organization,  
34 trade, assets or business to a successor in interest, whether by merger,  
35 consolidation, sale, transfer, descent or otherwise, may jointly make  
36 application with such successor in interest for transfer of that portion  
37 of the employment experience of the predecessor employer relating to  
38 the portion of the organization, trade, assets or business transferred to  
39 the successor in interest, including credit for past years, contributions  
40 paid, annual payrolls, benefit charges, et cetera, applicable to such  
41 predecessor employer. The transfer of employment experience may be  
42 allowed pursuant to regulation only if it is found that the employment  
43 experience of the predecessor employer with respect to the portion of  
44 the organization, trade, assets or business which has been transferred  
45 may be considered indicative of the future employment experience of  
46 the successor in interest. Credit shall be given to the successor in

1 interest only for the years during which contributions were paid by the  
2 predecessor employer with respect to that part of the organization,  
3 trade, assets or business transferred.

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

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

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

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

39 (C) (i) Notwithstanding the above provisions of this paragraph (1),  
40 during the period starting July 1, 1986 and ending December 31, 1992,  
41 each worker shall contribute to the fund 1.125% of wages paid with  
42 respect to his employment with a governmental employer electing or  
43 required to pay contributions or nongovernmental employer, including  
44 a nonprofit organization which is an employer as defined under  
45 R.S.43:21-19(h)(6), regardless of whether that nonprofit organization  
46 elects or is required to finance its benefit costs with contributions to

1 the fund or by payments in lieu of contributions, after that employer  
2 has satisfied the conditions set forth in subsection R.S.43:21-19(h)  
3 with respect to becoming an employer. Contributions, however, shall  
4 be at the rate of 0.625% while the worker is covered by an approved  
5 private plan under the "Temporary Disability Benefits Law" while the  
6 worker is exempt under section 7 of that law, P.L.1948, c.110  
7 (C.43:21-31) or any other provision of that law; provided that such  
8 contributions shall be at the rate of 0.625% of wages paid with respect  
9 to employment with the State of New Jersey or any other  
10 governmental entity or instrumentality electing or required to make  
11 payments in lieu of contributions and which is covered by the State  
12 plan under the "Temporary Disability Benefits Law," except that, while  
13 the worker is exempt from the provisions of the "Temporary Disability  
14 Benefits Law" under section 7 of that law, P.L.1948, c.110  
15 (C.43:21-31) or any other provision of that law, or is covered for  
16 disability benefits by an approved private plan of the employer, the  
17 contributions to the fund shall be 0.125%.

18 (ii) Notwithstanding the above provisions of this paragraph (1),  
19 during the period starting January 1, 1998, each worker shall  
20 contribute to the fund 0.625% of wages paid with respect to his  
21 employment with a governmental employer electing or required to pay  
22 contributions, or nongovernmental employer, including a nonprofit  
23 organization which is an employer as defined under  
24 R.S.43:21-19(h)(6), regardless of whether that nonprofit organization  
25 elects or is required to finance its benefit costs with contributions to  
26 the fund or by payments in lieu of contributions, after that employer  
27 has satisfied the conditions set forth in subsection R.S.43:21-19(h)  
28 with respect to becoming an employer, provided that such  
29 contributions shall be at the rate of 0.125% of wages paid with respect  
30 to employment with the State of New Jersey or any other  
31 governmental entity or instrumentality electing or required to make  
32 payments in lieu of contributions.

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

1 P.L.1948, c.110 (C.43:21-25 et seq.) or while the worker is exempt  
2 under section 7 of P.L.1948, c.110 (C.43:21-31) or any other  
3 provision of that law; provided that the contributions shall be at the  
4 rate of 0.50% of wages paid with respect to employment with the  
5 State of New Jersey or any other governmental entity or  
6 instrumentality electing or required to make payments in lieu of  
7 contributions and which is covered by the State plan under the  
8 "Temporary Disability Benefits Law," except that, while the worker is  
9 exempt from the provisions of the "Temporary Disability Benefits  
10 Law" under section 7 of that law, P.L.1948, c.110 (C.43:21-31) or any  
11 other provision of that law, or is covered for disability benefits by an  
12 approved private plan of the employer, no contributions shall be made  
13 to the fund.

14 Each worker shall, starting on January 1, [1996] 1997 and ending  
15 December 31, 1997, [or, if the unemployment compensation fund  
16 reserve ratio, as determined pursuant to paragraph (5) of subsection  
17 (c) of this section, decreases to a level of less than 4.00% on March 31  
18 of calendar year 1994 or calendar year 1995, starting on July 1 of that  
19 calendar year and ending December 31, 1997] contribute to the  
20 unemployment compensation fund 0.60% of wages paid with respect  
21 to the worker's employment with a governmental employer electing or  
22 required to pay contributions or nongovernmental employer, including  
23 a nonprofit organization which is an employer as defined under  
24 paragraph 6 of subsection (h) of R.S.43:21-19, regardless of whether  
25 that nonprofit organization elects or is required to finance its benefit  
26 costs with contributions to the fund or by payments in lieu of  
27 contributions, after that employer has satisfied the conditions set forth  
28 in subsection (h) of R.S.43:21-19 with respect to becoming an  
29 employer, provided that the contributions shall be at the rate of 0.10%  
30 of wages paid with respect to employment with the State of New  
31 Jersey or any other governmental entity or instrumentality electing or  
32 required to make payments in lieu of contributions.

33 During the period starting on January 1, 1996 and ending December  
34 31, 1996, no worker shall contribute to the unemployment  
35 compensation fund on wages paid with respect to the worker's  
36 employment with a governmental employer electing or required to pay  
37 contributions or nongovernmental employer, including a nonprofit  
38 organization which is an employer as defined under paragraph 6 of  
39 subsection (h) of R.S.43:21-19, regardless of whether that nonprofit  
40 organization elects or is required to finance its benefit costs with  
41 contributions to the fund or by payments in lieu of contributions, after  
42 that employer has satisfied the conditions set forth in subsection (h) of  
43 R.S.43:21-19 with respect to becoming an employer, or wages paid  
44 with respect to employment with the State of New Jersey or any other  
45 governmental entity or instrumentality electing or required to make  
46 payments in lieu of contributions.

1 (E) Each employer shall, notwithstanding any provision of law in  
2 this State to the contrary, withhold in trust the amount of his workers'  
3 contributions from their wages at the time such wages are paid, shall  
4 show such deduction on his payroll records, shall furnish such  
5 evidence thereof to his workers as the division or controller may  
6 prescribe, and shall transmit all such contributions, in addition to his  
7 own contributions, to the office of the controller in such manner and  
8 at such times as may be prescribed. If any employer fails to deduct the  
9 contributions of any of his workers at the time their wages are paid, or  
10 fails to make a deduction therefor at the time wages are paid for the  
11 next succeeding payroll period, he alone shall thereafter be liable for  
12 such contributions, and for the purpose of R.S.43:21-14, such  
13 contributions shall be treated as employer's contributions required  
14 from him.

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

18 (G) Each worker shall, starting on July 1, 1994, contribute to the  
19 State disability benefits fund an amount equal to 0.50% of wages paid  
20 with respect to the worker's employment with a government employer  
21 electing or required to pay contributions to the State disability benefits  
22 fund or nongovernmental employer, including a nonprofit organization  
23 which is an employer as defined under paragraph 6 of subsection (h)  
24 of R.S.43:21-19, unless the employer is covered by an approved  
25 private disability plan or is exempt from the provisions of the  
26 "Temporary Disability Benefits Law," P.L.1948 c.110 (C.43:21-25 et  
27 seq.) under section 7 of that law (C.43:21-31) or any other provision  
28 of that law.

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

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

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

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

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

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

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

40 (3) If an employee receives wages from more than one employer  
41 during any calendar year, and either the sum of his contributions  
42 deposited in and credited to the State disability benefits fund (in  
43 accordance with paragraph (2) of this subsection) plus the amount of  
44 his contributions, if any, required towards the costs of benefits under  
45 one or more approved private plans under the provisions of section 9  
46 of the "Temporary Disability Benefits Law" (C.43:21-33) and

1 deducted from his wages, or the sum of such latter contributions, if the  
2 employee is covered during such calendar year only by two or more  
3 private plans, exceeds an amount equal to 1/2 of 1% of the "wages"  
4 determined in accordance with the provisions of R.S.43:21-7(b)(3)  
5 during the calendar years beginning on or after January 1, 1976, the  
6 employee shall be entitled to a refund of the excess if he makes a claim  
7 to the controller within two years after the end of the calendar year in  
8 which the wages are received with respect to which the refund is  
9 claimed and establishes his right to such refund. Such refund shall be  
10 made by the controller from the State disability benefits fund. No  
11 interest shall be allowed or paid with respect to any such refund. The  
12 controller shall, in accordance with prescribed regulations, determine  
13 the portion of the aggregate amount of such refunds made during any  
14 calendar year which is applicable to private plans for which deductions  
15 were made under section 9 of the "Temporary Disability Benefits  
16 Law," such determination to be based upon the ratio of the amount of  
17 such wages exempt from contributions to such fund, as provided in  
18 subparagraph (B) of paragraph (1) of this subsection with respect to  
19 coverage under private plans, to the total wages so exempt plus the  
20 amount of such wages subject to contributions to the disability benefits  
21 fund, as provided in subparagraph (B) of paragraph (2) of this  
22 subsection. The controller shall, in accordance with prescribed  
23 regulations, prorate the amount so determined among the applicable  
24 private plans in the proportion that the wages covered by each plan  
25 bear to the total private plan wages involved in such refunds, and shall  
26 assess against and recover from the employer, or the insurer if the  
27 insurer has indemnified the employer with respect thereto, the amount  
28 so prorated. The provisions of R.S.43:21-14 with respect to  
29 collection of employer contributions shall apply to such assessments.  
30 The amount so recovered by the controller shall be paid into the State  
31 disability benefits fund.

32 (4) If an individual does not receive any wages from the employing  
33 unit which for the purposes of this chapter (R.S.43:21-1 et seq.) is  
34 treated as his employer, or receives his wages from some other  
35 employing unit, such employer shall nevertheless be liable for such  
36 individual's contributions in the first instance; and after payment  
37 thereof such employer may deduct the amount of such contributions  
38 from any sums payable by him to such employing unit, or may recover  
39 the amount of such contributions from such employing unit, or, in the  
40 absence of such an employing unit, from such individual, in a civil  
41 action; provided proceedings therefor are instituted within three  
42 months after the date on which such contributions are payable. General  
43 rules shall be prescribed whereby such an employing unit may recover  
44 the amount of such contributions from such individuals in the same  
45 manner as if it were the employer.

46 (5) Every employer who has elected to become an employer

1 subject to this chapter (R.S.43:21-1 et seq.), or to cease to be an  
2 employer subject to this chapter (R.S.43:21-1 et seq.), pursuant to the  
3 provisions of R.S.43:21-8, shall post and maintain printed notices of  
4 such election on his premises, of such design, in such numbers, and at  
5 such places as the director may determine to be necessary to give  
6 notice thereof to persons in his service.

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

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

11 (1) Except as hereinafter provided, each employer shall, in addition  
12 to the contributions required by subsections (a), (b), and (c) of this  
13 section, contribute 1/2 of 1% of the wages paid by such employer to  
14 workers with respect to employment unless he is not a covered  
15 employer as defined in section 3 of the "Temporary Disability Benefits  
16 Law" (C.43:21-27 (a)), except that the rate for the State of New  
17 Jersey shall be 1/10 of 1% for the calendar year 1980 and for the first  
18 six months of 1981. Prior to July 1, 1981 and prior to July 1 each year  
19 thereafter, the controller shall review the experience accumulated in  
20 the account of the State of New Jersey and establish a rate for the next  
21 following fiscal year which, in combination with worker contributions,  
22 will produce sufficient revenue to keep the account in balance; except  
23 that the rate so established shall not be less than 1/10 of 1%. Such  
24 contributions shall become due and be paid by the employer to the  
25 controller for the State disability benefits fund as established by law,  
26 in accordance with such regulations as may be prescribed, and shall  
27 not be deducted, in whole or in part, from the remuneration of  
28 individuals in his employ. In the payment of any contributions, a  
29 fractional part of a cent shall be disregarded unless it amounts to  
30 \$0.005 or more, in which case it shall be increased to \$0.01.

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

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

39 (B) A separate disability benefits account shall be maintained for  
40 each employer required to contribute to the State disability benefits  
41 fund and such account shall be credited with contributions deposited  
42 in and credited to such fund with respect to employment occurring on  
43 and after January 1, 1949. Each employer's account shall be credited  
44 with all contributions paid on or before January 31 of any calendar  
45 year on his own behalf and on behalf of individuals in his service with  
46 respect to employment occurring in preceding calendar years;

1 provided, however, that if January 31 of any calendar year falls on a  
2 Saturday or Sunday an employer's account shall be credited as of  
3 January 31 of such calendar year with all the contributions which he  
4 has paid on or before the next succeeding day which is not a Saturday  
5 or Sunday. But nothing in this act shall be construed to grant any  
6 employer or individuals in his service prior claims or rights to the  
7 amounts paid by him to the fund either on his own behalf or on behalf  
8 of such individuals. Benefits paid to any covered individual in  
9 accordance with Article III of the "Temporary Disability Benefits  
10 Law" on or before December 31 of any calendar year with respect to  
11 disability in such calendar year and in preceding calendar years shall be  
12 charged against the account of the employer by whom such individual  
13 was employed at the commencement of such disability or by whom he  
14 was last employed, if out of employment.

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

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

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

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

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

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

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

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

45 (4) If the minimum requirements in (1) above have been fulfilled  
46 and the benefits charged exceed the contributions credited by more

1 than \$500.00, such preliminary rate shall be as follows:

2 (i) 35/100 of 1% if such excess over \$500.00 is less than 1/4 of 1%  
3 of his average annual payroll;

4 (ii) 45/100 of 1% if such excess over \$500.00 equals or exceeds  
5 1/4 of 1% but is less than 1/2 of 1% of his average annual payroll;

6 (iii) 55/100 of 1% if such excess over \$500.00 equals or exceeds  
7 1/2 of 1% but is less than 3/4 of 1% of his average annual payroll;

8 (iv) 65/100 of 1% if such excess over \$500.00 equals or exceeds  
9 3/4 of 1% but is less than 1% of his average annual payroll;

10 (v) 75/100 of 1% if such excess over \$500.00 equals or exceeds  
11 1% of his average annual payroll.

12 (5) Determination of the preliminary rate as specified in (2), (3)  
13 and (4) above shall be subject, however, to the condition that it shall  
14 in no event be decreased by more than 1/10 of 1% of wages or  
15 increased by more than 2/10 of 1% of wages from the preliminary rate  
16 determined for the preceding year in accordance with (1), (2), (3) or  
17 (4), whichever shall have been applicable.

18 (E) (1) Prior to July 1 of each calendar year the controller shall  
19 determine the amount of the State disability benefits fund as of  
20 December 31 of the preceding calendar year, increased by the  
21 contributions paid thereto during January of the current calendar year  
22 with respect to employment occurring in the preceding calendar year.  
23 If such amount exceeds the net amount withdrawn from the  
24 unemployment trust fund pursuant to section 23 of the "Temporary  
25 Disability Benefits Law," P.L.1948, c.110 (C.43:21-47) plus the  
26 amount at the end of such preceding calendar year of the  
27 unemployment disability account (as defined in section 22 of said law  
28 (C.43:21-46)), such excess shall be expressed as a percentage of the  
29 wages on which contributions were paid to the State disability  
30 benefits fund on or before January 31 with respect to employment in  
31 the preceding calendar year.

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

36 (i) If the percentage determined in accordance with paragraph  
37 (E)(1) of this subsection equals or exceeds 1 1/4%, the final employer  
38 rates shall be the preliminary rates determined as provided in (D)  
39 hereof, except that if the employer's preliminary rate is determined as  
40 provided in (D)(2) or (D)(3) hereof, the final employer rate shall be  
41 the preliminary employer rate decreased by such percentage of excess  
42 taken to the nearest 5/100 of 1%, but in no case shall such final rate  
43 be less than 1/10 of 1%.

44 (ii) If the percentage determined in accordance with paragraph  
45 (E)(1) of this subsection equals or exceeds 3/4 of 1% and is less than  
46 1 1/4 of 1%, the final employer rates shall be the preliminary employer

1 rates.

2 (iii) If the percentage determined in accordance with paragraph  
3 (E)(1) of this subsection is less than  $\frac{3}{4}$  of 1%, but in excess of  $\frac{1}{4}$  of  
4 1%, the final employer rates shall be the preliminary employer rates  
5 determined as provided in (D) hereof increased by the difference  
6 between  $\frac{3}{4}$  of 1% and such percentage taken to the nearest  $\frac{5}{100}$  of  
7 1%; provided, however, that no such final rate shall be more than  $\frac{1}{4}$   
8 of 1% in the case of an employer whose preliminary rate is determined  
9 as provided in (D)(2) hereof, more than  $\frac{1}{2}$  of 1% in the case of an  
10 employer whose preliminary rate is determined as provided in (D)(1)  
11 and (D)(3) hereof, nor more than  $\frac{3}{4}$  of 1% in the case of an employer  
12 whose preliminary rate is determined as provided in (D)(4) hereof.

13 (iv) If the amount of the State disability benefits fund determined  
14 as provided in paragraph (E)(1) of this subsection is equal to or less  
15 than  $\frac{1}{4}$  of 1%, then the final rate shall be  $\frac{2}{5}$  of 1% in the case of an  
16 employer whose preliminary rate is determined as provided in (D)(2)  
17 hereof,  $\frac{7}{10}$  of 1% in the case of an employer whose preliminary rate  
18 is determined as provided in (D)(1) and (D)(3) hereof, and 1.1% in the  
19 case of an employer whose preliminary rate is determined as provided  
20 in (D)(4) hereof. Notwithstanding any other provision of law or any  
21 determination made by the controller with respect to any 12-month  
22 period commencing on July 1, 1970, the final rates for all employers  
23 for the period beginning January 1, 1971, shall be as set forth herein.  
24 (cf: P.L.1994, c.112, s.1)

25

26 5. Section 29 of P.L.1992, c.160 (C.43:21-7b) is amended to read  
27 as follows:

28 29. a. Beginning January 1, 1993 until December 31, [1995] 1996,  
29 except as provided pursuant to subsection b. of this section, each  
30 employee shall, in such a manner and at such times as determined by  
31 the commissioner, contribute to the fund an amount equal to 0.6% of  
32 the employee's taxable wages.

33 Also beginning on January 1, 1993 until December 31, 1995, except  
34 as provided pursuant to subsection b. of this section, each employer  
35 shall, in such a manner and at such times as determined by the  
36 commissioner, contribute to the fund an amount equal to the amount  
37 that the employer's contribution to the unemployment compensation  
38 fund is decreased pursuant to subparagraph (H) of paragraph (5) of  
39 subsection (c) of R.S.43:21-7.

40 b. If the unemployment compensation fund reserve ratio, as  
41 determined pursuant to paragraph (5) of subsection (c) of  
42 R.S.43:21-7, decreases to a level of less than 4.00% on March 31 of  
43 calendar year 1994 or calendar year 1995, the provisions of subsection  
44 a. of this section shall cease to be in effect as of July 1 of that calendar  
45 year and each employer who would be subject to making the  
46 contributions pursuant to subsection a. of this section if that

1 subsection were in effect shall, beginning on July 1 of that calendar  
2 year, contribute to the fund an amount equal to 0.62% of the total  
3 wages paid by the employer and shall continue to contribute that  
4 amount until December 31, 1995.

5 c. If the total amount of contributions to the fund pursuant to this  
6 section during the calendar year 1993 exceeds \$600 million, all  
7 contributions which exceed \$600 million shall be deposited in the  
8 unemployment compensation fund. If the total amount of  
9 contributions to the fund pursuant to this section during calendar year  
10 1994 or calendar year 1995 exceeds \$500 million, all contributions  
11 which exceed \$500 million shall be deposited in the unemployment  
12 compensation fund. If the total amount of contributions to the fund  
13 pursuant to this section during calendar year 1996 exceeds \$75  
14 million, all contributions which exceed \$75 million shall be deposited  
15 in the unemployment compensation fund.

16 d. All necessary administrative costs related to the collection of  
17 contributions pursuant to this section shall be paid from the  
18 contributions.

19 (cf: P.L.1992, c.160, s.29)

20

21 6. Section 32 of P.L.1992, c.160 (C.43:21-7e) is amended to read  
22 as follows:

23 32. a. If an employee receives wages from more than one  
24 employer during any calendar year, and the sum of the employee's  
25 contributions deposited in the fund exceeds an amount equal to 0.6%  
26 of the wages determined in accordance with the provisions of  
27 paragraph (3) of subsection (b) of R.S.43:21-7 during calendar year  
28 1993, calendar year 1994 [or] , calendar year 1995, or calendar year  
29 1996, the employee shall be entitled to a refund of the excess if a claim  
30 establishing the employee's right to the refund is made within two  
31 years after the end of the respective calendar year in which the wages  
32 are received and are the subject of the claim. The commissioner shall  
33 refund any overpayment from the fund without interest.

34 b. Any employee who is a taxpayer and entitled, pursuant to the  
35 provisions of subsection a. of this section, to a refund of contributions  
36 deducted during a tax year from his wages shall, in lieu of the refund,  
37 be entitled to a credit in the full amount thereof against the tax  
38 otherwise due on his New Jersey gross income for that tax year if he  
39 submits his claim for the credit and accompanies that claim with  
40 evidence of his right to the credit in the manner provided by regulation  
41 by the Director of the Division of Taxation. In any case in which the  
42 amount, or any portion thereof, of any credit allowed hereunder  
43 results in or increases an excess of income tax payment over income  
44 tax liability, the amount of the new or increased excess shall be  
45 considered an overpayment and shall be refunded to the taxpayer in the

1 manner provided by subsection (a) of N.J.S.54A:9-7.  
2 (cf: P.L.1992, c.160, s.32)

3

4 7. Section 4 of P.L.1971, c.346 (C.43:21-7.3) is amended to read  
5 as follows:

6 4. (a) Notwithstanding any other provisions of the "unemployment  
7 compensation law" for the payment of contributions, benefits paid to  
8 individuals based upon wages earned in the employ of any  
9 governmental entity or instrumentality which is an employer defined  
10 under R.S.43:21-19(h)(5) shall, to the extent that such benefits are  
11 chargeable to the account of such governmental entity or  
12 instrumentality in accordance with the provisions of R.S.43:21-1 et  
13 seq., be financed by payments in lieu of contributions.

14 (b) Any governmental entity or instrumentality may, as an  
15 alternative to financing benefits by payments in lieu of contributions,  
16 elect to pay contributions beginning with the date on which its  
17 subjectivity begins by filing written notice of its election with the  
18 department no later than 120 days after such subjectivity begins,  
19 provided that such election shall be effective for at least two full  
20 calendar years; or it may elect to pay contributions for a period of not  
21 less than two calendar years beginning January 1 of any year if written  
22 notice of such election is filed with the department not later than  
23 February 1 of such year; provided, further, that such governmental  
24 entity or instrumentality shall remain liable for payments in lieu of  
25 contributions with respect to all benefits paid based on base year  
26 wages earned in the employ of such entity or instrumentality in the  
27 period during which it financed its benefits by payments in lieu of  
28 contributions.

29 (c) Any governmental entity or instrumentality may terminate its  
30 election to pay contributions as of January 1 of any year by filing  
31 written notice not later than February 1 of any year with respect to  
32 which termination is to become effective. It may not revert to a  
33 contributions method of financing for at least two full calendar years  
34 after such termination.

35 (d) Any governmental entity or instrumentality electing the option  
36 for contributions financing shall report and pay contributions in  
37 accordance with the provisions of R.S.43:21-7 except that,  
38 notwithstanding the provisions of that section, the contribution rate for  
39 such governmental entity or instrumentality shall be 1% for the entire  
40 calendar year 1978 and the contribution rate for any subsequent  
41 calendar years shall be the rate established for governmental entities  
42 or instrumentalities under subsection (e) of this section.

43 (e) On or before September 1 of each year, the Commissioner of  
44 Labor shall review the composite benefit cost experience of all  
45 governmental entities and instrumentalities electing to pay  
46 contributions and, on the basis of that experience, establish the

1 contribution rate for the next following calendar year which can be  
2 expected to yield sufficient revenue in combination with worker  
3 contributions to equal or exceed the projected costs for that calendar  
4 year.

5 (f) Any covered governmental entity or instrumentality electing to  
6 pay contributions shall each year appropriate, out of its general funds,  
7 moneys to pay the projected costs of benefits at the rate determined  
8 under subsection (e) of this section. These funds shall be held in a  
9 trust fund maintained by the governmental entity for this purpose. Any  
10 surplus remaining in this trust fund may be retained in reserve for  
11 payment of benefit costs for subsequent years either by contributions  
12 or payments in lieu of contributions.

13 (g) Any governmental entity or instrumentality electing to finance  
14 benefit costs with payments in lieu of contributions shall pay into the  
15 fund an amount equal to all benefit costs for which it is liable pursuant  
16 to the provisions of the "unemployment compensation law." Each  
17 subject governmental entity or instrumentality shall require payments  
18 from its workers in the same manner and amount as prescribed under  
19 R.S.43:21-7(d) for governmental entities and instrumentalities  
20 financing their benefit costs with contributions. No such payment shall  
21 be used for a purpose other than to meet the benefits liability of such  
22 governmental entity or instrumentality. In addition, each subject  
23 governmental entity or instrumentality shall appropriate out of its  
24 general funds sufficient moneys which, in addition to any worker  
25 payments it requires, are necessary to pay its annual benefit costs  
26 estimated on the basis of its past benefit cost experience; provided that  
27 for its first year of coverage, its benefit costs shall be deemed to  
28 require an appropriation equal to 1% of the projected total of its  
29 taxable wages for the year. These appropriated moneys and worker  
30 payments shall be held in a trust fund maintained by the governmental  
31 entity or instrumentality for this purpose. Any surplus remaining in  
32 this trust fund shall be retained in reserve for payment of benefit costs  
33 in subsequent years. If a governmental entity or instrumentality  
34 requires its workers to make payments as authorized herein, such  
35 workers shall not be subject to the contributions required in  
36 R.S.43:21-7(d).

37 (h) Notwithstanding the provisions of the above subsection (g),  
38 commencing July 1, 1986 worker contributions to the unemployment  
39 trust fund with respect to wages paid by any governmental entity or  
40 instrumentality electing or required to make payments in lieu of  
41 contributions, including the State of New Jersey, shall be made in  
42 accordance with the provisions of R.S.43:21-7(d)(1)(C) or  
43 R.S.43:21-7(d)(1)(D), as applicable, and, in addition, each  
44 governmental entity or instrumentality electing or required to make  
45 payments in lieu of contributions shall, except during the period  
46 starting January 1, 1993 and ending December 31, [1995 or, if the

1 unemployment compensation fund reserve ratio, as determined  
2 pursuant to paragraph (5) of subsection (c) of R.S.43:21-7, decreases  
3 to a level of less than 4.00% on March 31 of calendar year 1994 or  
4 calendar year 1995, ending July 1 of that calendar year] 1996, require  
5 payments from its workers at the rate of 0.50% of wages paid, which  
6 amounts are to be held in the trust fund maintained by the  
7 governmental entity or instrumentality for payment of benefit costs.  
8 (cf: P.L.1992, c.205, s.1)

9

10 8. This act shall take effect January 1, 1996.

11

12

13

#### STATEMENT

14

15 This bill provides a three-month extension of the current (1995)  
16 methodology and funding source for the distribution of charity care  
17 subsidies to hospitals. The bill provides, however, that charity care  
18 will be funded in 1996 at a rate of \$300 million per year.

19

20

21

22

23 Extends charity care funding through March 31, 1996.