

SENATE, No. 873

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 26, 1996

By Senator McGREEVEY

1 AN ACT eliminating contributions by workers to the unemployment  
2 compensation fund and amending R.S.43:21-7 and P.L.1971, c.346.

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  
32 contributions:

33 (1) For the calendar year 1947, and each calendar year thereafter,  
34 2 7/10% of wages paid by him during each such calendar year, except

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

**Matter underlined thus is new matter.**

1 as otherwise prescribed by subsection (c) of this section.

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

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

38 (c) Future rates based on benefit experience.

39 (1) A separate account for each employer shall be maintained and  
40 this shall be credited with all the contributions which he has paid on  
41 his own behalf on or before January 31 of any calendar year with  
42 respect to employment occurring in the preceding calendar year;  
43 provided, however, that if January 31 of any calendar year falls on a  
44 Saturday or Sunday, an employer's account shall be credited as of  
45 January 31 of such calendar year with all the contributions which he  
46 has paid on or before the next succeeding day which is not a Saturday

1 or Sunday. But nothing in this chapter (R.S.43:21-1 et seq.) shall be  
2 construed to grant any employer or individuals in his service prior  
3 claims or rights to the amounts paid by him into the fund either on his  
4 own behalf or on behalf of such individuals. Benefits paid with respect  
5 to benefit years commencing on and after January 1, 1953, to any  
6 individual on or before December 31 of any calendar year with respect  
7 to unemployment in such calendar year and in preceding calendar years  
8 shall be charged against the account or accounts of the employer or  
9 employers in whose employment such individual established base  
10 weeks constituting the basis of such benefits. Benefits paid under a  
11 given benefit determination shall be charged against the account of the  
12 employer to whom such determination relates. When each benefit  
13 payment is made, either a copy of the benefit check or other form of  
14 notification shall be promptly sent to the employer against whose  
15 account the benefits are to be charged. Such copy or notification shall  
16 identify the employer against whose account the amount of such  
17 payment is being charged, shall show at least the name and social  
18 security account number of the claimant and shall specify the period  
19 of unemployment to which said check applies. If the total amount of  
20 benefits paid to a claimant and charged to the account of the  
21 appropriate employer exceeds 50% of the total base year, base week  
22 wages paid to the claimant by that employer, then such employer shall  
23 have canceled from his account such excess benefit charges as  
24 specified above.

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

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

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

38 (4) Employer Reserve Ratio. (A) Each employer's rate shall be 2  
39 8/10%, except as otherwise provided in the following provisions. No  
40 employer's rate for the 12 months commencing July 1 of any calendar  
41 year shall be other than 2 8/10%, unless as of the preceding January 31  
42 such employer shall have paid contributions with respect to wages paid  
43 in each of the three calendar years immediately preceding such year,  
44 in which case such employer's rate for the 12 months commencing July  
45 1 of any calendar year shall be determined on the basis of his record up  
46 to the beginning of such calendar year. If, at the beginning of such

1 calendar year, the total of all his contributions, paid on his own behalf,  
2 for all past years exceeds the total benefits charged to his account for  
3 all such years, his contribution rate shall be:

4 (1)  $2\frac{5}{10}\%$ , if such excess equals or exceeds 4%, but less than  
5 5%, of his average annual payroll (as defined in paragraph (2),  
6 subsection (a) of R.S.43:21-19);

7 (2)  $2\frac{2}{10}\%$ , if such excess equals or exceeds 5%, but is less than  
8 6%, of his average annual payroll;

9 (3)  $1\frac{9}{10}\%$ , if such excess equals or exceeds 6%, but is less than  
10 7%, of his average annual payroll;

11 (4)  $1\frac{6}{10}\%$ , if such excess equals or exceeds 7%, but is less than  
12 8%, of his average annual payroll;

13 (5)  $1\frac{3}{10}\%$ , if such excess equals or exceeds 8%, but is less than  
14 9%, of his average annual payroll;

15 (6) 1%, if such excess equals or exceeds 9%, but is less than 10%,  
16 of his average annual payroll;

17 (7)  $\frac{7}{10}$  of 1%, if such excess equals or exceeds 10%, but is less  
18 than 11%, of his average annual payroll;

19 (8)  $\frac{4}{10}$  of 1%, if such excess equals or exceeds 11% of his  
20 average annual payroll.

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

25 (1) 4%, if such excess is less than 10% of his average annual  
26 payroll;

27 (2)  $4\frac{3}{10}\%$ , if such excess equals or exceeds 10%, but is less than  
28 20%, of his average annual payroll;

29 (3)  $4\frac{6}{10}\%$ , if such excess equals or exceeds 20% of his average  
30 annual payroll.

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

36 (i) if the reserve balance in its account is positive, its assigned rate  
37 shall be the highest rate in effect for positive balance accounts for that  
38 period, or 5.4%, whichever is higher, and (ii) if the reserve balance in  
39 its account is negative, its assigned rate shall be the highest rate in  
40 effect for deficit accounts for that period.

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

45 (5) (A) Unemployment Trust Fund Reserve Ratio. If on March 31  
46 of any calendar year the balance in the unemployment trust fund equals

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

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

35 (B) If on March 31 of any calendar year the balance in the  
36 unemployment trust fund equals or exceeds 10% but is less than  
37 1/2% of the total taxable wages reported to the controller as of that  
38 date in respect to employment during the preceding calendar year, the  
39 contribution rate, effective July 1 following, of each employer eligible  
40 for a contribution rate calculation based upon benefit experience, shall  
41 be reduced by 3/10 of 1% under the contribution rate otherwise  
42 established under the provisions of paragraphs (3) and (4) of this  
43 subsection; provided that in no event shall the contribution rate of any  
44 employer be reduced to less than 4/10 of 1%. If on March 31 of any  
45 calendar year the balance in the unemployment trust fund equals or  
46 exceeds 12 1/2% of the total taxable wages reported to the controller

1 as of that date in respect to employment during the preceding calendar  
 2 year, the contribution rate, effective July 1 following, of each  
 3 employer eligible for a contribution rate calculation based upon benefit  
 4 experience, shall be reduced by 6/10 of 1% if his account for all past  
 5 periods reflects an excess of contributions paid over total benefits  
 6 charged of 3% or more of his average annual payroll, otherwise by  
 7 3/10 of 1% under the contribution rate otherwise established under the  
 8 provisions of paragraphs (3) and (4) of this subsection; provided that  
 9 in no event shall the contribution rate of any employer be reduced to  
 10 less than 4/10 of 1%.

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

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

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

30  
 31 EXPERIENCE RATING TAX TABLE

32  
 33 Fund Reserve Ratio<sup>1</sup>  
 34

35	10.00%	7.00%	4.00%	2.50%	2.49%
36 Employer	and	to	to	to	and
37 Reserve	Over	9.99%	6.99%	3.99%	Under
38 Ratio <sup>2</sup>	A	B	C	D	E
39					
40 Positive Reserve Ratio:					
41 17% and over	0.3	0.4	0.5	0.6	1.2
42 16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
43 15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
44 14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
45 13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
46 12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2

1	11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
2	10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
3	9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
4	8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
5	7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
6	6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
7	5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
8	4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
9	3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
10	2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
11	1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
12	0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
13	Deficit Reserve Ratio:					
14	-0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
15	-3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
16	-6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
17	-9.00% to-11.99%	3.5	4.5	5.3	5.9	6.4
18	-12.00%to-14.99%	3.6	4.6	5.4	6.0	6.5
19	-15.00%to-19.99%	3.6	4.6	5.5	6.1	6.6
20	-20.00%to-24.99%	3.7	4.7	5.6	6.2	6.7
21	-25.00%to-29.99%	3.7	4.8	5.6	6.3	6.8
22	-30.00%to-34.99%	3.8	4.8	5.7	6.3	6.9
23	-35.00%and under	5.4	5.4	5.8	6.4	7.0
24	New Employer Rate	2.8	2.8	2.8	3.1	3.4

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

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

29

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

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

44 (H) On or after January 1, 1993 until December 31, 1993,  
45 notwithstanding any other provisions of this paragraph (5), the  
46 contribution rate for each employer liable to pay contributions, as

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

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

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

35 (6) Additional contributions.

36 Notwithstanding any other provision of law, any employer who has  
37 been assigned a contribution rate pursuant to subsection (c) of this  
38 section for the year commencing July 1, 1948, and for any year  
39 commencing July 1 thereafter, may voluntarily make payment of  
40 additional contributions, and upon such payment shall receive a  
41 recomputation of the experience rate applicable to such employer,  
42 including in the calculation the additional contribution so made. Any  
43 such additional contribution shall be made during the 30-day period  
44 following the date of the mailing to the employer of the notice of his  
45 contribution rate as prescribed in this section, unless, for good cause,  
46 the time for payment has been extended by the controller for not to

1 exceed an additional 60 days; provided that in no event may such  
2 payments which are made later than 120 days after the beginning of  
3 the year for which such rates are effective be considered in  
4 determining the experience rate for the year in which the payment is  
5 made. Any employer receiving any extended period of time within  
6 which to make such additional payment and failing to make such  
7 payment timely shall be, in addition to the required amount of  
8 additional payment, a penalty of 5% thereof or \$5.00, whichever is  
9 greater, not to exceed \$50.00. Any adjustment under this subsection  
10 shall be made only in the form of credits against accrued or future  
11 contributions.

12 (7) Transfers.

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

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

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

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

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

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

31 (B) [Effective January 1, 1978 there shall be no contributions by  
32 workers in the employ of any governmental or nongovernmental  
33 employer electing or required to make payments in lieu of  
34 contributions unless the employer is covered by the State plan under  
35 the "Temporary Disability Benefits Law" (C.43:21-37 et seq.), and in  
36 that case contributions shall be at the rate of 1/2 of 1%, except that  
37 commencing July 1, 1986, workers in the employ of any  
38 nongovernmental employer electing or required to make payments in  
39 lieu of contributions shall be required to make contributions to the  
40 fund at the same rate prescribed for workers of other nongovernmental  
41 employers.] (Deleted by amendment, P.L. .c. .)(now before the  
42 Legislature as this bill)

43 (C) (i) [Notwithstanding the above provisions of this paragraph  
44 (1), during the period starting July 1, 1986 and ending December 31,  
45 1992, each worker shall contribute to the fund 1.125% of wages paid  
46 with respect to his employment with a governmental employer electing

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

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

24 (D) [Notwithstanding any other provisions of this paragraph (1),  
25 during the period starting January 1, 1993 and ending June 30, 1994,  
26 each worker shall contribute to the unemployment compensation fund  
27 0.5% of wages paid with respect to the worker's employment with a  
28 governmental employer electing or required to pay contributions or  
29 nongovernmental employer, including a nonprofit organization which  
30 is an employer as defined under paragraph 6 of subsection (h) of  
31 R.S.43:21-19, regardless of whether that nonprofit organization elects  
32 or is required to finance its benefit costs with contributions to the fund  
33 or by payments in lieu of contributions, after that employer has  
34 satisfied the conditions set forth in subsection (h) of R.S.43:21-19  
35 with respect to becoming an employer. No contributions, however,  
36 shall be made by the worker while the worker is covered by an  
37 approved private plan under the "Temporary Disability Benefits Law,"  
38 P.L.1948, c.110 (C.43:21-25 et seq.) or while the worker is exempt  
39 under section 7 of P.L.1948, c.110 (C.43:21-31) or any other  
40 provision of that law; provided that the contributions shall be at the  
41 rate of 0.50% of wages paid with respect to employment with the  
42 State of New Jersey or any other governmental entity or  
43 instrumentality electing or required to make payments in lieu of  
44 contributions and which is covered by the State plan under the  
45 "Temporary Disability Benefits Law," except that, while the worker is  
46 exempt from the provisions of the "Temporary Disability Benefits

1 Law" under section 7 of that law, P.L.1948, c.110 (C.43:21-31) or any  
2 other provision of that law, or is covered for disability benefits by an  
3 approved private plan of the employer, no contributions shall be made  
4 to the fund.

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

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

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

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

1 of that law.

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

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

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

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

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

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

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

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

1 so prorated. The provisions of R.S.43:21-14 with respect to  
2 collection of employer contributions shall apply to such assessments.  
3 The amount so recovered by the controller shall be paid into the State  
4 disability benefits fund.

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

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

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

29 (7) Notwithstanding any other provision of this subsection (d),  
30 during the period starting January 1, 1997, no worker shall make any  
31 contribution to the unemployment compensation fund.

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

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

14 (iii) 1/10 of 1% if such excess over \$500.00 equals or exceeds 1  
15 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 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) 35/100 of 1% if such excess over \$500.00 is less than 1/4 of 1%  
25 of his average annual payroll;

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

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

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

32 (v) 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 1/10 of 1% of wages or  
37 increased by more than 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. Section 4 of P.L.1971, c.346 (C. 43:21-7.3) is amended to read  
2 as follows:

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

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

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

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

40       (e) On or before September 1 of each year, the Commissioner of  
41 Labor shall review the composite benefit cost experience of all  
42 governmental entities and instrumentalities electing to pay  
43 contributions and, on the basis of that experience, establish the  
44 contribution rate for the next following calendar year which can be  
45 expected to yield sufficient revenue in combination with worker  
46 contributions to equal or exceed the projected costs for that calendar

1 year.

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

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

34 (h) Notwithstanding the provisions of the above subsection (g),  
35 commencing July 1, 1986 worker contributions to the unemployment  
36 trust fund with respect to wages paid by any governmental entity or  
37 instrumentality electing or required to make payments in lieu of  
38 contributions, including the State of New Jersey, shall be made in  
39 accordance with the provisions of R.S.43:21-7(d)(1)(C) and, in  
40 addition, each governmental entity or instrumentality electing or  
41 required to make payments in lieu of contributions shall, except during  
42 the period starting January 1, 1993 and ending December 31, 1995 or,  
43 if the unemployment compensation fund reserve ratio, as determined  
44 pursuant to paragraph (5) of subsection (c) of R.S.43:21-7, decreases  
45 to a level of less than 4.00% on March 31 of calendar year 1994 or  
46 calendar year 1995, ending July 1 of that calendar year, require

1 payments from its workers at the rate of 0.50% of wages paid, which  
2 amounts are to be held in the trust fund maintained by the  
3 governmental entity or instrumentality for payment of benefit costs.

4 (i) Notwithstanding any other provision of this section, during the  
5 period starting January 1, 1997, no worker shall make any contribution  
6 to the unemployment compensation fund or be required to make any  
7 payment otherwise required pursuant to this section.

8 (cf: P.L.1992, c.205, s.1)

9

10 3. This act shall take effect January 1, 1997.

11

12

13

STATEMENT

14

15 This bill provides that, on and after January 1, 1997, no worker  
16 shall make any contributions to the unemployment compensation fund  
17 or any other payments for unemployment benefits. For any worker in  
18 the State who earned \$18,000 or more during 1996, this would result  
19 in a tax reduction of approximately \$108. The tax reduction would be  
20 less, if the worker earns less than \$18,000. The total tax reduction for  
21 all workers is estimated to be more than \$300 million.

22 The bill does not change eligibility standards or benefit levels for  
23 laid-off workers.

24

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26

27

28 Eliminates worker contributions to UI fund.