

[Passed Both Houses]

SENATE, No. 2358

STATE OF NEW JERSEY

INTRODUCED DECEMBER 15, 1997

By Senators LITTELL, INVERSO, Kyrillos, Kenny, Lipman,
Assemblymen Collins, Doria, Green, Assemblywoman Pou,
Assemblymen Romano, Felice, Assemblywoman Quigley,
Assemblyman Steele, Assemblywomen Weinberg, Gill,
Assemblymen Stanley and Charles

1 AN ACT concerning the provision of health care services to low
2 income persons and revising parts of statutory law.

3

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

6

7 1. Section 2 of P.L.1992, c.160 (C.26:2H-18.52) is amended to
8 read as follows:

9 2. As used in sections 1 through 17 of P.L.1992, c.160
10 (C.26:2H-18.51 through 26:2H-18.67), sections 12 through 15 of
11 P.L.1995, c.133 (C.26:2H-18.59a through C.26:2H-18.59d) [and],
12 sections 7 through 12 of P.L.1996, c.28 (C.26:2H-18.59e et al.) and
13 sections 6, 8, 10 and 11 of P.L. , c. (C.)(pending before the
14 Legislature as this bill):

15 "Administrator" means the administrator of the Health Care Subsidy
16 Fund appointed by the commissioner.

17 "Charity care" means care provided at disproportionate share
18 hospitals that may be eligible for a charity care subsidy pursuant to this
19 act.

20 "Charity care subsidy" means the component of the
21 disproportionate share payment that is attributable to care provided at
22 a disproportionate share hospital to persons unable to pay for that
23 care, as provided in this act.

24 "Commission" means the New Jersey Essential Health Services
25 Commission established pursuant to section 4 of this act.

26 "Commissioner" means the Commissioner of Health and Senior
27 Services.

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 "Department" means the Department of Health and Senior Services.

2 "Disproportionate share hospital" means a hospital designated by
3 the Commissioner of Human Services pursuant to Pub.L.89-97 (42
4 U.S.C.1396a et seq.) and Pub.L.102-234.

5 "Disproportionate share payment" means those payments made by
6 the Division of Medical Assistance and Health Services in the
7 Department of Human Services to hospitals defined as
8 disproportionate share hospitals by the Commissioner of Human
9 Services in accordance with federal laws and regulations applicable to
10 hospitals serving a disproportionate number of low income patients.

11 "Fund" means the Health Care Subsidy Fund established pursuant
12 to section 8 of this act.

13 "Hospital" means an acute care hospital licensed by the Department
14 of Health and Senior Services pursuant to P.L.1971, c.136 (C.26:2H-1
15 et al.).

16 "Medicaid" means the New Jersey Medical Assistance and Health
17 Services Program in the Department of Human Services established
18 pursuant to P.L.1968, c.413 (C.30:4D-1 et seq.).

19 "Medicare" means the program established pursuant to Pub.L.89-97
20 (42 U.S.C. s.1395 et seq.).

21 "Other uncompensated care" means all costs not reimbursed by
22 hospital payers excluding charity care, graduate medical education,
23 discounts, bad debt and reduction in Medicaid payments.

24 "Poverty level" means the official poverty level based on family size
25 established and adjusted under Section 673(2) of Subtitle B, the
26 "Community Services Block Grant Act," Pub.L. 97-35 (42 U.S.C.
27 9902(2)).

28 "Preliminary cost base" means the preliminary cost base defined in
29 section 2 of P.L.1971, c.136 (C.26:2H-2), as determined by the
30 Hospital Rate Setting Commission.
31 (cf: P.L.1996, c.28, s.1)

32

33 2. Section 8 of P.L.1992, c.160 (C.26:2H-18.58) is amended to
34 read as follows:

35 8. There is established the Health Care Subsidy Fund in the
36 Department of Health and Senior Services.

37 a. The fund shall be comprised of revenues from employee and
38 employer contributions made pursuant to section 29 of P.L.1992,
39 c.160 (C.43:21-7b), revenues from the hospital assessment made
40 pursuant to section 12 of P.L.1992, c.160 (C.26:2H-18.62), revenues
41 pursuant to section 11 of P.L.1996, c.28 (C.26:2H-18.58c), revenues
42 from interest and penalties collected pursuant to this act and revenues
43 from such other sources as the Legislature shall determine. Interest
44 earned on the monies in the fund shall be credited to the fund. The
45 fund shall be a nonlapsing fund dedicated for use by the State to: (1)
46 distribute charity care and other uncompensated care disproportionate

1 share payments to hospitals and other eligible providers, [and] provide
2 subsidies for the Health Access New Jersey program established
3 pursuant to section 15 of P.L.1992, c.160 (C.26:2H-18.65), and
4 provide funding for children's health care coverage pursuant to P.L.
5 , c. (C.)(pending before the Legislature as Senate Bill No. 2269
6 or Assembly Bill No. 3257 of 1997); and (2) assist hospitals and other
7 health care facilities in the underwriting of innovative and necessary
8 health care services.

9 b. The fund shall be administered by a person appointed by the
10 commissioner.

11 The administrator of the fund is responsible for overseeing and
12 coordinating the collection and reimbursement of fund monies. The
13 administrator is responsible for promptly informing the commissioner
14 if monies are not or are not reasonably expected to be collected or
15 disbursed.

16 c. The commissioner shall adopt rules and regulations to ensure the
17 integrity of the fund, pursuant to the "Administrative Procedure Act,"
18 P.L.1968, c.410 (C.52:14B-1 et seq.).

19 d. The administrator shall establish separate accounts for the
20 charity care component of the disproportionate share hospital subsidy,
21 other uncompensated care component of the disproportionate share
22 hospital subsidy, hospital and other health care initiatives funding and
23 the payments for subsidies for insurance premiums to provide care in
24 disproportionate share hospitals, known as the Health Access New
25 Jersey subsidy account, respectively.

26 e. In the event that the charity care component of the
27 disproportionate share hospital subsidy account has a surplus in a
28 given year after payments are distributed pursuant to the methodology
29 established in section 13 of P.L.1995, c.133 (C.26:2H-18.59b) and
30 section 7 of P.L.1996, c.28 (C.26:2H-18.59e) and within the
31 limitations provided in subsection e. of section 9 of P.L.1992, c.160
32 (C.26:2H-18.59), the surplus monies in calendar years 1996 and 1997
33 shall lapse to the unemployment compensation fund established
34 pursuant to R.S.43:21-9, and each year thereafter shall lapse to the
35 charity care component of the disproportionate share hospital subsidy
36 account for distribution in subsequent years.

37 (cf: P.L.1996, c.28, s.3)

38

39 3. Section 11 of P.L.1996, c.28 (C.26:2H-18.58c) is amended to
40 read as follows:

41 11. a. The Health Care Subsidy Fund shall be funded with \$15
42 million in General Fund revenues in calendar year 1996 and \$41
43 million in General Fund revenues in calendar year 1997 and \$42.9
44 million in General Fund revenues for the period January 1, 1998
45 through June 30, 1998.

46 b. [In calendar year 1998, the]The Health Care Subsidy Fund shall

1 be supported with revenues derived from efficiencies achieved by State
 2 use of an electronic data interchange system for health care claims and
 3 related information, in amounts necessary to provide funding for the
 4 health care program pursuant to section 8 of P.L.1996, c.28
 5 (C.26:2H-18.59f).
 6 (cf: P.L.1996,c.28, s.11)

7

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

10 9. a. The commissioner shall allocate such funds as specified in
 11 subsection e. of this section to the charity care component of the
 12 disproportionate share hospital subsidy account. In a given year, the
 13 department shall transfer from the fund to the Division of Medical
 14 Assistance and Health Services in the Department of Human Services
 15 such funds as may be necessary for the total approved charity care
 16 disproportionate share payments to hospitals for that year.

17 b. For the period January 1, 1993 to December 31, 1993, the
 18 commission shall allocate \$500 million to the charity care component
 19 of the disproportionate share hospital subsidy account. The
 20 Department of Health and Senior Services shall recommend the
 21 amount that the Division of Medical Assistance and Health Services
 22 shall pay to an eligible hospital on a provisional, monthly basis
 23 pursuant to paragraphs (1) and (2) of this subsection. The department
 24 shall also advise the commission and each eligible hospital of the
 25 amount a hospital is entitled to receive.

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

28 Hospital Specific Approved Uncompensated Care-1991

29

30 Hospital Specific Preliminary Cost Base-1992

31

32 = Hospital Specific % Uncompensated Care (%UC)

33

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

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

39

40 Hospital Specific Approved Uncompensated Care-1991

41

42 Total approved Uncompensated Care All Eligible Hospitals-1991

43

44 X \$500 million

45

46 = Maximum Amount of Hospital Specific Charity Care

Subsidy for 1993

1
2
3 (3) A hospital shall be required to submit all claims for charity care
4 cost reimbursement, as well as demographic information about the
5 persons who qualify for charity care, to the department in a manner
6 and time frame specified by the Commissioner of Health and Senior
7 Services, in order to continue to be eligible for a charity care subsidy
8 in 1993 and in subsequent years.

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

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

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

23 c. For the period January 1, 1994 to December 31, 1994, a hospital
24 shall receive disproportionate share payments from the Division of
25 Medical Assistance and Health Services based on the amount of
26 charity care submitted to the commission or its designated agent, in a
27 form and manner specified by the commission. The commission or its
28 designated agent shall review and price all charity care claims and
29 notify the Division of Medical Assistance and Health Services of the
30 amount it shall pay to each hospital on a monthly basis based on actual
31 services rendered.

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

33 (2) If the commission is not able to fully implement the charity care
34 claims pricing system by January 1, 1994, the commission shall
35 continue to make provisional disproportionate share payments to
36 eligible hospitals, through the Division of Medical Assistance and
37 Health Services, based on the charity care costs incurred by all
38 hospitals in 1993, until such time as the commission is able to
39 implement the claims pricing system.

40 If there are additional charity care balances available after the 1994
41 distribution based on 1993 charity care costs, the department shall
42 transfer these available balances from the fund to the Division of
43 Medical Assistance and Health Services for an approved one-time
44 additional disproportionate share payment to hospitals according to
45 the methodology provided in section 12 of P.L.1995, c.133
46 (C.26:2H-18.59a). The total payment for all hospitals shall not exceed

1 \$75.5 million.

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

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

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

10 e. The total amount allocated for charity care subsidy payments
11 shall be: in 1994, \$450 million; in 1995, \$400 million; in 1996, \$310
12 million; [and] in 1997 \$300 million; for the period January 1, 1998
13 through June 30, 1998, \$160 million; and in fiscal year 1999 and each
14 fiscal year thereafter, \$320 million. Total payments to hospitals shall
15 not exceed the amount allocated for each given year.

16 f. Beginning January 1, 1995:

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

19 (2) A charity care claim shall be valued at the same rate paid to
20 that hospital by the Medicaid program, except that charity care
21 services provided to emergency room patients who do not require
22 those services on an emergency basis shall be valued at a rate
23 appropriate for primary care according to a schedule of payments
24 adopted by the commissioner.

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

27 (cf: P.L.1996, c.28, s.4)

28

29 5. Section 7 of P.L.1996, c.28 (C.26:2H-18.59e) is amended to
30 read as follows:

31 7. a. Beginning January 1, 1996 [through December 31, 1997],
32 and except as provided in section 8 of P.L.1996, c.28
33 (C.26:2H-18.59f), the charity care subsidy shall be determined
34 according to the following methodology.

35 If the Statewide total of adjusted charity care is less than available
36 charity care funding, a hospital's charity care subsidy shall equal its
37 adjusted charity care.

38 If the Statewide total of adjusted charity care is greater than
39 available charity care funding, then the hospital-specific charity care
40 subsidy shall be determined by allocating available charity care funds
41 so as to equalize hospital-specific payer mix factors to the Statewide
42 target payer mix factor. Those hospitals with a payer mix factor
43 greater than the Statewide target payer mix factor shall be eligible to
44 receive a subsidy sufficient to reduce their factor to that Statewide
45 level; those hospitals with a payer mix factor that is equal to or less
46 than the Statewide target payer mix factor shall not be eligible to

1 receive a subsidy.

2 Charity care subsidy payments shall be based upon actual
3 documented hospital charity care.

4 As used in this section:

5 (1) The hospital-specific "documented charity care" shall be equal
6 to the dollar amount of charity care provided by the hospital that is
7 verified in the department's most recent charity care audit conducted
8 under the most recent charity care eligibility rules adopted by the
9 department and valued at the same rate paid to that hospital by the
10 Medicaid program.

11 For 1996, documented charity care shall equal the audited,
12 Medicaid-priced amounts reported for the first three quarters of 1995.
13 This amount shall be multiplied by 1.33 to determine the annualized
14 1995 charity care amount. For 1997 and the period from January 1,
15 1998 through June 30, 1998, documented charity care shall be equal
16 to the audited Medicaid-priced amounts for the last quarter two years
17 prior to the payment period and the first three quarters of the year
18 prior to the payment period. For fiscal year 1999 and each fiscal year
19 thereafter, documented charity care shall be equal to the audited
20 Medicaid-priced amounts for the most recent calendar year;

21 (2) In 1996, the hospital-specific "operating margin" shall be equal
22 to: the hospital's 1993 and 1994 income from operations minus its
23 1993 and 1994 charity care subsidies divided by its 1993 and 1994
24 total operating revenue minus its 1993 and 1994 charity care subsidies.
25 After calculating each hospital's operating margin, the department shall
26 determine the Statewide median operating margin.

27 In 1997 and each year thereafter, the hospital-specific "operating
28 margin" shall be calculated in the same manner as for 1996, but on the
29 basis of income from operations, total operating revenue and charity
30 care subsidies data from the three most current years;

31 (3) The hospital-specific "profitability factor" shall be determined
32 annually as follows. Those hospitals that are equal to or below the
33 Statewide median operating margin shall be assigned a profitability
34 factor of "1." For those hospitals that are above the Statewide median
35 operating margin, the profitability factor shall be equal to:

$$36 \quad .75 \times (\text{hospital specific operating} \\ 37 \quad \text{margin} - \text{Statewide median operating margin}) \\ 38 \quad 1 - \frac{\quad}{\quad} \\ 39 \quad \quad \text{highest hospital specific operating} \\ 40 \quad \quad \text{margin} - \text{Statewide median operating margin}$$

41
42 (4) The hospital-specific "adjusted charity care" shall be equal to
43 a hospital's documented charity care times its profitability factor;

44 (5) The hospital-specific "revenue from private payers" shall be
45 equal to the sum of the gross revenues, as reported to the department
46 in the hospital's most recently available New Jersey Hospital Cost

1 Reports for all non-governmental third party payers including, but not
2 limited to, Blue Cross and Blue Shield plans, commercial insurers and
3 health maintenance organizations;

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

7 (7) The "Statewide target payer mix factor" is the lowest payer mix
8 factor to which all hospitals receiving charity care subsidies can be
9 reduced by spending all available charity care subsidy funding for that
10 year.

11 b. For the purposes of this section, "income from operations" and
12 "total operating revenue" shall be defined by the department in
13 accordance with financial reporting requirements established pursuant
14 to N.J.A.C.8:31B-3.3.

15 c. Charity care subsidy payments shall commence on or after the
16 date of enactment of P.L.1996, c.28 and the full calendar year 1996
17 allocation shall be disbursed by January 31, 1997.

18 (cf: P.L.1996 ,c.28, s.7)

19

20 6. (New section) a. The Commissioner of Health and Senior
21 Services shall transfer to the Hospital Health Care Subsidy account,
22 known as the Hospital Relief Fund, in the Division of Medical
23 Assistance and Health Services in the Department of Human Services
24 from the Health Care Subsidy Fund, \$50.75 million in fiscal year 1998
25 and \$101.5 million each fiscal year thereafter, according to a schedule
26 to be determined by the Commissioner of Health and Senior Services
27 in consultation with the Commissioner of Human Services. These
28 funds shall be distributed to eligible disproportionate share hospitals
29 according to a methodology adopted by the Commissioner of Human
30 Services pursuant to N.J.A.C.10:52-8.2, using hospital expenditure
31 data for the most recent calendar year available for reimbursements
32 from these funds.

33 b. In fiscal year 1998 and each fiscal year thereafter, the Governor
34 shall recommend and the Legislature shall appropriate to the Hospital
35 Health Care Subsidy account for distribution to disproportionate share
36 hospitals which are eligible for reimbursement pursuant to subsection
37 a. of this section, those federal funds received in connection with the
38 provision of hospital reimbursements from that account.

39

40 7. Section 16 of P.L.1992, c.160 (C.26:2H-18.66) is amended to
41 read as follows:

42 16. The Health Access New Jersey subsidy account shall be
43 allocated \$50 million in 1995, \$10 million in 1996, [and] \$25 million
44 in 1997, \$10 million for the period from January 1, 1998 through June
45 30, 1998 and \$20 million in fiscal year 1999 and each fiscal year

1 thereafter.

2 (cf: P.L.1996, c.29, s.2)

3

4 8. (New section) a. The Commissioner of Health and Senior
5 Services shall transfer to the Division of Medical Assistance and
6 Health Services in the Department of Human Services from the Health
7 Care Subsidy Fund, \$23.8 million in fiscal year 1998, \$47.6 million in
8 fiscal year 1999, and an amount in each succeeding fiscal year that is
9 necessary to obtain the maximum amount of federal funds to which the
10 State is entitled in order to provide children's health care coverage
11 pursuant to P.L. , c. (C.)(pending before the Legislature as
12 Senate Bill No. 2269 or Assembly Bill No. 3257 of 1997), according
13 to a schedule to be determined by the Commissioner of Health and
14 Senior Services in consultation with the Commissioner of Human
15 Services. These funds shall be expended to provide children's health
16 care coverage pursuant to P.L. , c. (C.)(now pending before
17 the Legislature as Senate Bill No. 2269 or Assembly Bill No. 3257 of
18 1997).

19 b. In fiscal year 1999 and each fiscal year thereafter, the Governor
20 shall recommend and the Legislature shall appropriate to the Division
21 of Medical Assistance and Health Services for the purposes of
22 subsection a. of this section, those federal funds received in connection
23 with the provision of children's health care coverage pursuant to
24 P.L. , c. (C.)(now pending before the Legislature as Senate
25 Bill No. 2269 or Assembly Bill No. 3257 of 1997).

26

27 9. a. There is appropriated \$42.9 million from the General Fund to
28 the Department of Health and Senior Services for deposit in the Health
29 Care Subsidy Fund to carry out the purposes of P.L. , c. (C.)
30 (pending before the Legislature as this bill).

31 b. There is appropriated to the Department of Human Services
32 \$15.25 million in federal Title XIX funds for the Hospital Health Care
33 Subsidy account to carry out the purposes of section 6 of P.L. , c.
34 (C.)(pending before the Legislature as this bill) for the period
35 January 1, 1998 to June 30, 1998.

36 c. There is appropriated to the Department of Human Services
37 \$44.2 million in federal Title XXI funds for the children's health care
38 coverage program established pursuant to P.L. , c. (C.)(pending
39 before the Legislature as Senate Bill No. 2269 or Assembly Bill No.
40 3257 of 1997) for the period January 1, 1998 to June 30, 1998.

41 d. Any premiums received from families enrolled in the children's
42 health care coverage program established pursuant to P.L. , c.
43 (C.) (pending before the Legislature as Senate Bill No. 2269 or
44 Assembly Bill No. 3257 of 1997), are appropriated to the program.

45 e. An amount not to exceed 10% of the total appropriated for the
46 children's health care coverage program established pursuant to

1 P.L. , c. (C.)(pending before the Legislature as Senate Bill
2 No. 2269 or Assembly Bill No. 3257 of 1997), may be used for
3 administration of the program.

4

5 10. (New section) In fiscal year 1999 and each year thereafter, the
6 Governor shall recommend and the Legislature shall appropriate to the
7 Health Care Subsidy Fund to carry out the purposes of P.L.1992,
8 c.160 (C.26:2H-18.51 et al.), such funds from the General Fund
9 which, when combined with other resources deposited in the Health
10 Care Subsidy Fund, shall be sufficient to carry out the purposes of
11 that act.

12

13 11. (New section) In the event that a hospital or other health care
14 institution that receives a charity care subsidy pursuant to P.L.1992,
15 c.160 (C.26:2H-18.51 et al.) or funds from the Hospital Health Care
16 Subsidy account in the Department of Human Services, sells, leases,
17 assigns, subcontracts or otherwise transfers ownership, control or
18 management of any of its services to another entity, the hospital or
19 other health care institution shall provide that the new entity guarantee
20 to offer to its employees who were affected by the transfer, health
21 insurance coverage at substantially equivalent levels, terms and
22 conditions to those that were offered to the employees prior to the
23 transfer.

24

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

26 43:21-7. Contributions. Employers other than governmental
27 entities, whose benefit financing provisions are set forth in section 4
28 of P.L.1971, c.346 (C.43:21-7.3), and those nonprofit organizations
29 liable for payment in lieu of contributions on the basis set forth in
30 section 3 of P.L.1971, c.346 (C.43:21-7.2), shall pay to the controller
31 for the unemployment compensation fund, contributions as set forth
32 in subsections (a), (b) and (c) hereof, and the provisions of subsections
33 (d) and (e) shall be applicable to all employers, consistent with the
34 provisions of the "unemployment compensation law" and the
35 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et
36 seq.).

37 (a) Payment.

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

46 (2) In the payment of any contributions, a fractional part of a cent

1 shall be disregarded unless it amounts to \$0.005 or more, in which
2 case it shall be increased to \$0.01.

3 (b) Rate of contributions. Each employer shall pay the following
4 contributions:

5 (1) For the calendar year 1947, and each calendar year thereafter,
6 2 7/10% of wages paid by him during each such calendar year, except
7 as otherwise prescribed by subsection (c) of this section.

8 (2) The "wages" of any individual, with respect to any one
9 employer, as the term is used in this subsection (b) and in subsections
10 (c), (d) and (e) of this section 7, shall include the first \$4,800.00 paid
11 during calendar year 1975, for services performed either within or
12 without this State; provided that no contribution shall be required by
13 this State with respect to services performed in another state if such
14 other state imposes contribution liability with respect thereto. If an
15 employer (hereinafter referred to as a successor employer) during any
16 calendar year acquires substantially all the property used in a trade or
17 business of another employer (hereinafter referred to as a
18 predecessor), or used in a separate unit of a trade or business of a
19 predecessor, and immediately after the acquisition employs in his
20 trade or business an individual who immediately prior to the
21 acquisition was employed in the trade or business of such predecessor,
22 then, for the purpose of determining whether the successor employer
23 has paid wages with respect to employment equal to the first
24 \$4,800.00 paid during calendar year 1975, any wages paid to such
25 individual by such predecessor during such calendar year and prior to
26 such acquisition shall be considered as having been paid by such
27 successor employer.

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

45 (c) Future rates based on benefit experience.

46 (1) A separate account for each employer shall be maintained and

1 this shall be credited with all the contributions which he has paid on
2 his own behalf on or before January 31 of any calendar year with
3 respect to employment occurring in the preceding calendar year;
4 provided, however, that if January 31 of any calendar year falls on a
5 Saturday or Sunday, an employer's account shall be credited as of
6 January 31 of such calendar year with all the contributions which he
7 has paid on or before the next succeeding day which is not a Saturday
8 or Sunday. But nothing in this chapter (R.S.43:21-1 et seq.) shall be
9 construed to grant any employer or individuals in his service prior
10 claims or rights to the amounts paid by him into the fund either on his
11 own behalf or on behalf of such individuals. Benefits paid with respect
12 to benefit years commencing on and after January 1, 1953, to any
13 individual on or before December 31 of any calendar year with respect
14 to unemployment in such calendar year and in preceding calendar years
15 shall be charged against the account or accounts of the employer or
16 employers in whose employment such individual established base
17 weeks constituting the basis of such benefits, except that, with respect
18 to benefit years commencing after January 4, 1998, an employer's
19 account shall not be charged for benefits paid to a claimant if the
20 claimant's employment by that employer was ended in any way which,
21 pursuant to subsection (a), (b), (c), (f), (g) or (h) of R.S.43:21-5,
22 would have disqualified the claimant for benefits if the claimant had
23 applied for benefits at the time when that employment ended. Benefits
24 paid under a given benefit determination shall be charged against the
25 account of the employer to whom such determination relates. When
26 each benefit payment is made, either a copy of the benefit check or
27 other form of notification shall be promptly sent to the employer
28 against whose account the benefits are to be charged. Such copy or
29 notification shall identify the employer against whose account the
30 amount of such payment is being charged, shall show at least the name
31 and social security account number of the claimant and shall specify
32 the period of unemployment to which said check applies. If the total
33 amount of benefits paid to a claimant and charged to the account of
34 the appropriate employer exceeds 50% of the total base year, base
35 week wages paid to the claimant by that employer, then such employer
36 shall have canceled from his account such excess benefit charges as
37 specified above.

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

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

46 (3) No employer's rate shall be lower than 5.4% unless assignment

1 of such lower rate is consistent with the conditions applicable to
2 additional credit allowance for such year under section 3303(a)(1) of
3 the Internal Revenue Code of 1986 (26 U.S.C. s.3303(a)(1)), any
4 other provision of this section to the contrary notwithstanding.

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

17 (1) 2 5/10%, if such excess equals or exceeds 4%, but less than
18 5%, of his average annual payroll (as defined in paragraph (2),
19 subsection (a) of R.S.43:21-19);

20 (2) 2 2/10%, if such excess equals or exceeds 5%, but is less than
21 6%, of his average annual payroll;

22 (3) 1 9/10%, if such excess equals or exceeds 6%, but is less than
23 7%, of his average annual payroll;

24 (4) 1 6/10%, if such excess equals or exceeds 7%, but is less than
25 8%, of his average annual payroll;

26 (5) 1 3/10%, if such excess equals or exceeds 8%, but is less than
27 9%, of his average annual payroll;

28 (6) 1%, if such excess equals or exceeds 9%, but is less than 10%,
29 of his average annual payroll;

30 (7) 7/10 of 1%, if such excess equals or exceeds 10%, but is less
31 than 11%, of his average annual payroll;

32 (8) 4/10 of 1%, if such excess equals or exceeds 11% of his
33 average annual payroll.

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

38 (1) 4%, if such excess is less than 10% of his average annual
39 payroll;

40 (2) 4 3/10%, if such excess equals or exceeds 10%, but is less than
41 20%, of his average annual payroll;

42 (3) 4 6/10%, if such excess equals or exceeds 20% of his average
43 annual payroll.

44 (C) Specially assigned rates. If no contributions were paid on
45 wages for employment in any calendar year used in determining the
46 average annual payroll of an employer eligible for an assigned rate

1 under this paragraph (4), the employer's rate shall be specially assigned
2 as follows:

3 (i) if the reserve balance in its account is positive, its assigned rate
4 shall be the highest rate in effect for positive balance accounts for that
5 period, or 5.4%, whichever is higher, and (ii) if the reserve balance in
6 its account is negative, its assigned rate shall be the highest rate in
7 effect for deficit accounts for that period.

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

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

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

1 of 1/10% if not already a multiple thereof.

2 (B) If on March 31 of any calendar year the balance in the
3 unemployment trust fund equals or exceeds 10% but is less than 12
4 1/2% of the total taxable wages reported to the controller as of that
5 date in respect to employment during the preceding calendar year, the
6 contribution rate, effective July 1 following, of each employer eligible
7 for a contribution rate calculation based upon benefit experience, shall
8 be reduced by 3/10 of 1% under the contribution rate otherwise
9 established under the provisions of paragraphs (3) and (4) of this
10 subsection; provided that in no event shall the contribution rate of any
11 employer be reduced to less than 4/10 of 1%. If on March 31 of any
12 calendar year the balance in the unemployment trust fund equals or
13 exceeds 12 1/2% of the total taxable wages reported to the controller
14 as of that date in respect to employment during the preceding calendar
15 year, the contribution rate, effective July 1 following, of each
16 employer eligible for a contribution rate calculation based upon benefit
17 experience, shall be reduced by 6/10 of 1% if his account for all past
18 periods reflects an excess of contributions paid over total benefits
19 charged of 3% or more of his average annual payroll, otherwise by
20 3/10 of 1% under the contribution rate otherwise established under the
21 provisions of paragraphs (3) and (4) of this subsection; provided that
22 in no event shall the contribution rate of any employer be reduced to
23 less than 4/10 of 1%.

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

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

36 (E)(i) With respect to experience rating years beginning on or
37 after July 1, 1986 and before July 1, 1997, the new employer rate or
38 the unemployment experience rate of an employer under this section
39 shall be the rate which appears in the column headed by the
40 Unemployment Trust Fund Reserve Ratio as of the applicable
41 calculation date and on the line with the Employer Reserve Ratio, as
42 defined in paragraph 4 of this subsection (R.S.43:21-7 (c)(4)), as set
43 forth in the following table:

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

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

²Employer Reserve Ratio (Contributions minus benefits as a percentage of employer's taxable wages)] (~~Deleted by amendment, P.L. 1997, c.~~)(now pending before the Legislature as this bill).

(ii) With respect to experience rating years beginning on or after July 1, 1997, the new employer rate or the unemployment experience rate of an employer under this section shall be the rate which appears

1 in the column headed by the Unemployment Trust Fund Reserve Ratio
 2 as of the applicable calculation date and on the line with the Employer
 3 Reserve Ratio, as defined in paragraph 4 of this subsection
 4 (R.S.43:21-7 (c)(4)), as set forth in the following table:

5 EXPERIENCE RATING TAX TABLE

6 Fund Reserve Ratio¹

7

8 6.00% 4.00% 3.00% 2.50% 2.49%

9 Employer and to to to and
 10 Reserve Over 5.99% 3.99% 2.99% Under
 11 Ratio² A B C D E

12 Positive Reserve Ratio:

13 17% and over 0.3 0.4 0.5 0.6 1.2

14 16.00% to 16.99% 0.4 0.5 0.6 0.6 1.2

15 15.00% to 15.99% 0.4 0.6 0.7 0.7 1.2

16 14.00% to 14.99% 0.5 0.6 0.7 0.8 1.2

17 13.00% to 13.99% 0.6 0.7 0.8 0.9 1.2

18 12.00% to 12.99% 0.6 0.8 0.9 1.0 1.2

19 11.00% to 11.99% 0.7 0.8 1.0 1.1 1.2

20 10.00% to 10.99% 0.9 1.1 1.3 1.5 1.6

21 9.00% to 9.99% 1.0 1.3 1.6 1.7 1.9

22 8.00% to 8.99% 1.3 1.6 1.9 2.1 2.3

23 7.00% to 7.99% 1.4 1.8 2.2 2.4 2.6

24 6.00% to 6.99% 1.7 2.1 2.5 2.8 3.0

25 5.00% to 5.99% 1.9 2.4 2.8 3.1 3.4

26 4.00% to 4.99% 2.0 2.6 3.1 3.4 3.7

27 3.00% to 3.99% 2.1 2.7 3.2 3.6 3.9

28 2.00% to 2.99% 2.2 2.8 3.3 3.7 4.0

29 1.00% to 1.99% 2.3 2.9 3.4 3.8 4.1

30 0.00% to 0.99% 2.4 3.0 3.6 4.0 4.3

31 Deficit Reserve Ratio:

32 -0.00% to -2.99% 3.4 4.3 5.1 5.6 6.1

33 -3.00% to -5.99% 3.4 4.3 5.1 5.7 6.2

34 -6.00% to -8.99% 3.5 4.4 5.2 5.8 6.3

35 -9.00% to -11.99% 3.5 4.5 5.3 5.9 6.4

36 -12.00% to -14.99% 3.6 4.6 5.4 6.0 6.5

37 -15.00% to -19.99% 3.6 4.6 5.5 6.1 6.6

38 -20.00% to -24.99% 3.7 4.7 5.6 6.2 6.7

39 -25.00% to -29.99% 3.7 4.8 5.6 6.3 6.8

40 -30.00% to -34.99% 3.8 4.8 5.7 6.3 6.9

41 -35.00% and under 5.4 5.4 5.8 6.4 7.0

42 New Employer Rate 2.8 2.8 2.8 3.1 3.4

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

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

(iii) With respect to experience rating years beginning on or after July 1, 1998, the new employer rate or the unemployment experience rate of an employer under this section shall be the rate which appears in the column headed by the Unemployment Trust Fund Reserve Ratio as of the applicable calculation date and on the line with the Employer Reserve Ratio, as defined in paragraph 4 of this subsection (R.S.43:21-7 (c)(4)), as set forth in the following table:

<u>EXPERIENCE RATING TAX TABLE</u>					
<u>Fund Reserve Ratio¹</u>					
	<u>4.50%</u>	<u>3.50%</u>	<u>3.00%</u>	<u>2.50%</u>	<u>2.49%</u>
<u>Employer</u>	<u>and</u>	<u>to</u>	<u>to</u>	<u>to</u>	<u>and</u>
<u>Reserve</u>	<u>Over</u>	<u>4.49%</u>	<u>3.49%</u>	<u>2.99%</u>	<u>Under</u>
<u>Ratio²</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
<u>Positive Reserve Ratio:</u>					
<u>17% and over</u>	<u>0.3</u>	<u>0.4</u>	<u>0.5</u>	<u>0.6</u>	<u>1.2</u>
<u>16.00% to 16.99%</u>	<u>0.4</u>	<u>0.5</u>	<u>0.6</u>	<u>0.6</u>	<u>1.2</u>
<u>15.00% to 15.99%</u>	<u>0.4</u>	<u>0.6</u>	<u>0.7</u>	<u>0.7</u>	<u>1.2</u>
<u>14.00% to 14.99%</u>	<u>0.5</u>	<u>0.6</u>	<u>0.7</u>	<u>0.8</u>	<u>1.2</u>
<u>13.00% to 13.99%</u>	<u>0.6</u>	<u>0.7</u>	<u>0.8</u>	<u>0.9</u>	<u>1.2</u>
<u>12.00% to 12.99%</u>	<u>0.6</u>	<u>0.8</u>	<u>0.9</u>	<u>1.0</u>	<u>1.2</u>
<u>11.00% to 11.99%</u>	<u>0.7</u>	<u>0.8</u>	<u>1.0</u>	<u>1.1</u>	<u>1.2</u>
<u>10.00% to 10.99%</u>	<u>0.9</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.6</u>
<u>9.00% to 9.99%</u>	<u>1.0</u>	<u>1.3</u>	<u>1.6</u>	<u>1.7</u>	<u>1.9</u>
<u>8.00% to 8.99%</u>	<u>1.3</u>	<u>1.6</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>
<u>7.00% to 7.99%</u>	<u>1.4</u>	<u>1.8</u>	<u>2.2</u>	<u>2.4</u>	<u>2.6</u>
<u>6.00% to 6.99%</u>	<u>1.7</u>	<u>2.1</u>	<u>2.5</u>	<u>2.8</u>	<u>3.0</u>
<u>5.00% to 5.99%</u>	<u>1.9</u>	<u>2.4</u>	<u>2.8</u>	<u>3.1</u>	<u>3.4</u>
<u>4.00% to 4.99%</u>	<u>2.0</u>	<u>2.6</u>	<u>3.1</u>	<u>3.4</u>	<u>3.7</u>
<u>3.00% to 3.99%</u>	<u>2.1</u>	<u>2.7</u>	<u>3.2</u>	<u>3.6</u>	<u>3.9</u>
<u>2.00% to 2.99%</u>	<u>2.2</u>	<u>2.8</u>	<u>3.3</u>	<u>3.7</u>	<u>4.0</u>
<u>1.00% to 1.99%</u>	<u>2.3</u>	<u>2.9</u>	<u>3.4</u>	<u>3.8</u>	<u>4.1</u>
<u>0.00% to 0.99%</u>	<u>2.4</u>	<u>3.0</u>	<u>3.6</u>	<u>4.0</u>	<u>4.3</u>
<u>Deficit Reserve Ratio:</u>					
<u>-0.00% to -2.99%</u>	<u>3.4</u>	<u>4.3</u>	<u>5.1</u>	<u>5.6</u>	<u>6.1</u>
<u>-3.00% to -5.99%</u>	<u>3.4</u>	<u>4.3</u>	<u>5.1</u>	<u>5.7</u>	<u>6.2</u>
<u>-6.00% to -8.99%</u>	<u>3.5</u>	<u>4.4</u>	<u>5.2</u>	<u>5.8</u>	<u>6.3</u>
<u>-9.00% to -11.99%</u>	<u>3.5</u>	<u>4.5</u>	<u>5.3</u>	<u>5.9</u>	<u>6.4</u>
<u>-12.00% to -14.99%</u>	<u>3.6</u>	<u>4.6</u>	<u>5.4</u>	<u>6.0</u>	<u>6.5</u>
<u>-15.00% to -19.99%</u>	<u>3.6</u>	<u>4.6</u>	<u>5.5</u>	<u>6.1</u>	<u>6.6</u>
<u>-20.00% to -24.99%</u>	<u>3.7</u>	<u>4.7</u>	<u>5.6</u>	<u>6.2</u>	<u>6.7</u>
<u>-25.00% to -29.99%</u>	<u>3.7</u>	<u>4.8</u>	<u>5.6</u>	<u>6.3</u>	<u>6.8</u>
<u>-30.00% to -34.99%</u>	<u>3.8</u>	<u>4.8</u>	<u>5.7</u>	<u>6.3</u>	<u>6.9</u>
<u>-35.00% and under</u>	<u>5.4</u>	<u>5.4</u>	<u>5.8</u>	<u>6.4</u>	<u>7.0</u>
<u>New Employer Rate</u>	<u>2.8</u>	<u>2.8</u>	<u>2.8</u>	<u>3.1</u>	<u>3.4</u>

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

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

5 (F)(i) [With respect to experience rating years beginning on or
6 after July 1, 1986 and before July 1, 1997, if the balance of the
7 unemployment trust fund as of the prior March 31 is negative, the
8 contribution rate for each employer liable to pay contributions, as
9 computed under subparagraph (E) of this paragraph (5), shall be
10 increased by a factor of 10% computed to the nearest multiple of
11 1/10% if not already a multiple thereof] (Deleted by amendment,
12 P.L.1997, c.)(now pending before the Legislature as this bill).

13 (ii) With respect to experience rating years beginning on or after
14 July 1, 1997, if the fund reserve ratio, based on the fund balance as of
15 the prior March 31, is less than 1.00%, the contribution rate for each
16 employer liable to pay contributions, as computed under subparagraph
17 (E) of this paragraph (5), shall be increased by a factor of 10%
18 computed to the nearest multiple of 1/10% if not already a multiple
19 thereof.

20 (G) On or after January 1, 1993, notwithstanding any other
21 provisions of this paragraph (5), the contribution rate for each
22 employer liable to pay contributions, as computed under subparagraph
23 (E) of this paragraph (5), shall be decreased by 0.1%, except that,
24 during any experience rating year starting before January 1, 1998 in
25 which the fund reserve ratio is equal to or greater than 7.00% or
26 during any experience rating year starting on or after January 1, 1998,
27 in which the fund reserve ratio is equal to or greater than 3.5%, there
28 shall be no decrease pursuant to this subparagraph (G) in the
29 contribution of any employer who has a deficit reserve ratio of
30 negative 35.00% or under.

31 (H) On or after January 1, 1993 until December 31, 1993,
32 notwithstanding any other provisions of this paragraph (5), the
33 contribution rate for each employer liable to pay contributions, as
34 computed under subparagraph (E) of this paragraph (5), shall be
35 decreased by a factor of 52.0% computed to the nearest multiple of
36 1/10%, except that, if an employer has a deficit reserve ratio of
37 negative 35.0% or under, the employer's rate of contribution shall not
38 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
39 amount of the reduction in the employer contributions stipulated by
40 this subparagraph (H) shall be in addition to the amount of the
41 reduction in the employer contributions stipulated by subparagraph (G)
42 of this paragraph (5), except that the rate of contribution of an
43 employer who has a deficit reserve ratio of negative 35.0% or under
44 shall not be reduced pursuant to this subparagraph (H) to less than
45 5.4% and the rate of contribution of any other employer shall not be
46 reduced to less than 0.0%.

1 On or after January 1, 1994 until December 31, 1995, except as
2 provided pursuant to subparagraph (I) of this paragraph (5),
3 notwithstanding any other provisions of this paragraph (5), the
4 contribution rate for each employer liable to pay contributions, as
5 computed under subparagraph (E) of this paragraph (5), shall be
6 decreased by a factor of 36.0% computed to the nearest multiple of
7 1/10%, except that, if an employer has a deficit reserve ratio of
8 negative 35.0% or under, the employer's rate of contribution shall not
9 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
10 amount of the reduction in the employer contributions stipulated by
11 this subparagraph (H) shall be in addition to the amount of the
12 reduction in the employer contributions stipulated by subparagraph (G)
13 of this paragraph (5), except that the rate of contribution of an
14 employer who has a deficit reserve ratio of negative 35.0% or under
15 shall not be reduced pursuant to this subparagraph (H) to less than
16 5.4% and the rate of contribution of any other employer shall not be
17 reduced to less than 0.0%.

18 On or after April 1, 1996 until December 31, 1996, the contribution
19 rate for each employer liable to pay contributions, as computed under
20 subparagraph (E) of this paragraph (5), shall be decreased by a factor
21 of 25.0% computed to the nearest multiple of 1/10%, except that, if
22 an employer has a deficit reserve ratio of negative 35.0% or under, the
23 employer's rate of contribution shall not be reduced pursuant to this
24 subparagraph (H) to less than 5.4%. The amount of the reduction in
25 the employer contributions stipulated by this subparagraph (H) shall
26 be in addition to the amount of the reduction in the employer
27 contributions stipulated by subparagraph (G) of this paragraph (5),
28 except that the rate of contribution of an employer who has a deficit
29 reserve ratio of negative 35.0% or under shall not be reduced pursuant
30 to this subparagraph (H) to less than 5.4% and the rate of contribution
31 of any other employer shall not be reduced to less than 0.0%.

32 On or after January 1, 1997 until December 31, 1997, the
33 contribution rate for each employer liable to pay contributions, as
34 computed under subparagraph (E) of this paragraph (5), shall be
35 decreased by a factor of 10.0% computed to the nearest multiple of
36 1/10%, except that, if an employer has a deficit reserve ratio of
37 negative 35.0% or under, the employer's rate of contribution shall not
38 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
39 amount of the reduction in the employer contributions stipulated by
40 this subparagraph (H) shall be in addition to the amount of the
41 reduction in the employer contributions stipulated by subparagraph (G)
42 of this paragraph (5), except that the rate of contribution of an
43 employer who has a deficit reserve ratio of negative 35.0% or under
44 shall not be reduced pursuant to this subparagraph (H) to less than
45 5.4% and the rate of contribution of any other employer shall not be
46 reduced to less than 0.0%.

1 On and after January 1, 1998 until December 31, 2000, the
2 contribution rate for each employer liable to pay contributions, as
3 computed under subparagraph (E) of this paragraph (5), shall be
4 decreased each calendar year by a factor, as set out below, computed
5 to the nearest multiple of 1/10%, except that, if an employer has a
6 deficit reserve ratio of negative 35.0% or under, the employer's rate of
7 contribution shall not be reduced pursuant to this subparagraph (H) to
8 less than 5.4%:

9 From January 1, 1998 until December 31, 1998, a factor of 12%:

10 From January 1, 1999 until December 31, 1999, a factor of 10%:

11 From January 1, 2000 until December 31, 2000, a factor of 7%.

12 The amount of the reduction in the employer contributions
13 stipulated by this subparagraph (H) shall be in addition to the amount
14 of the reduction in the employer contributions stipulated by
15 subparagraph (G) of this paragraph (5), except that the rate of
16 contribution of an employer who has a deficit reserve ratio of negative
17 35.0% or under shall not be reduced pursuant to this subparagraph (H)
18 to less than 5.4% and the rate of contribution of any other employer
19 shall not be reduced to less than 0.0%.

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

24 If, upon calculating the unemployment compensation fund reserve
25 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, 1997,
26 March 31, 1998 or March 31, 1999, the controller finds that the fund
27 reserve ratio has decreased to a level of less than 3.00%, the
28 Commissioner of Labor shall notify the State Treasurer of this fact and
29 of the dollar amount necessary to bring the fund reserve ratio up to a
30 level of 3.00%. The State Treasurer shall, prior to March 31, 1997,
31 March 31, 1998 or March 31, 1999, as applicable, transfer from the
32 General Fund to the unemployment compensation fund, revenues in
33 the amount specified by the commissioner and which, upon deposit in
34 the unemployment compensation fund, shall result, upon recalculation,
35 in a fund reserve ratio used to determine employer contributions
36 beginning July 1, 1997, July 1, 1998, July 1, 1999, as applicable, of
37 at least 3.00%.

38 If, upon calculating the unemployment compensation fund reserve
39 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, [1998]
40 2000, the controller finds that the fund reserve ratio has decreased to
41 a level of less than 3.00%, the Commissioner of Labor shall notify the
42 State Treasurer of this fact and of the dollar amount necessary to bring
43 the fund reserve ratio up to a level of 3.00%. The State Treasurer
44 shall, prior to March 31, [1998] 2000, transfer from the General Fund
45 to the unemployment compensation fund, revenues in the amount
46 specified by the commissioner and which, upon deposit in the

1 unemployment compensation fund, shall result, upon recalculation, in
2 a fund reserve ratio used to determine employer contributions
3 beginning July 1, [1998] 2000 of at least 3.00%.

4 (6) Additional contributions.

5 Notwithstanding any other provision of law, any employer who has
6 been assigned a contribution rate pursuant to subsection (c) of this
7 section for the year commencing July 1, 1948, and for any year
8 commencing July 1 thereafter, may voluntarily make payment of
9 additional contributions, and upon such payment shall receive a
10 recomputation of the experience rate applicable to such employer,
11 including in the calculation the additional contribution so made. Any
12 such additional contribution shall be made during the 30-day period
13 following the date of the mailing to the employer of the notice of his
14 contribution rate as prescribed in this section, unless, for good cause,
15 the time for payment has been extended by the controller for not to
16 exceed an additional 60 days; provided that in no event may such
17 payments which are made later than 120 days after the beginning of
18 the year for which such rates are effective be considered in
19 determining the experience rate for the year in which the payment is
20 made. Any employer receiving any extended period of time within
21 which to make such additional payment and failing to make such
22 payment timely shall be, in addition to the required amount of
23 additional payment, a penalty of 5% thereof or \$5.00, whichever is
24 greater, not to exceed \$50.00. Any adjustment under this subsection
25 shall be made only in the form of credits against accrued or future
26 contributions.

27 (7) Transfers.

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

1 thereafter upon good cause shown, files a written notice protesting the
2 transfer of the employment experience of the predecessor employer.

3 (B) An employer who transfers part of his or its organization,
4 trade, assets or business to a successor in interest, whether by merger,
5 consolidation, sale, transfer, descent or otherwise, may jointly make
6 application with such successor in interest for transfer of that portion
7 of the employment experience of the predecessor employer relating to
8 the portion of the organization, trade, assets or business transferred to
9 the successor in interest, including credit for past years, contributions
10 paid, annual payrolls, benefit charges, et cetera, applicable to such
11 predecessor employer. The transfer of employment experience may be
12 allowed pursuant to regulation only if it is found that the employment
13 experience of the predecessor employer with respect to the portion of
14 the organization, trade, assets or business which has been transferred
15 may be considered indicative of the future employment experience of
16 the successor in interest. Credit shall be given to the successor in
17 interest only for the years during which contributions were paid by the
18 predecessor employer with respect to that part of the organization,
19 trade, assets or business transferred.

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

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

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

44 (B) Effective January 1, 1978 there shall be no contributions by
45 workers in the employ of any governmental or nongovernmental
46 employer electing or required to make payments in lieu of

1 contributions unless the employer is covered by the State plan under
2 the "Temporary Disability Benefits Law" (C.43:21-37 et seq.), and in
3 that case contributions shall be at the rate of 1/2 of 1%, except that
4 commencing July 1, 1986, workers in the employ of any
5 nongovernmental employer electing or required to make payments in
6 lieu of contributions shall be required to make contributions to the
7 fund at the same rate prescribed for workers of other nongovernmental
8 employers.

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

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

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

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

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

31 Each worker shall, starting on January 1, 1998 and ending
32 December 31, 1998, contribute to the unemployment compensation
33 fund [0.40%] 0.10% of wages paid with respect to the worker's
34 employment with a governmental employer electing or required to pay
35 contributions or nongovernmental employer, including a nonprofit
36 organization which is an employer as defined under paragraph (6) of
37 subsection (h) of R.S.43:21-19, regardless of whether that nonprofit
38 organization elects or is required to finance its benefit costs with
39 contributions to the fund or by payments in lieu of contributions, after
40 that employer has satisfied the conditions set forth in subsection (h) of
41 R.S.43:21-19 with respect to becoming an employer, provided that the
42 contributions shall be at the rate of 0.10% of wages paid with respect
43 to employment with the State of New Jersey or any other
44 governmental entity or instrumentality electing or required to make
45 payments in lieu of contributions.

46 Each worker shall, starting on January 1, 1999 until December 31,

1 1999, contribute to the unemployment compensation fund 0.15% of
2 wages paid with respect to the worker's employment with a
3 governmental employer electing or required to pay contributions or
4 nongovernmental employer, including a nonprofit organization which
5 is an employer as defined under paragraph (6) of subsection (h) of
6 R.S.43:21-19, regardless of whether that nonprofit organization elects
7 or is required to finance its benefit costs with contributions to the fund
8 or by payments in lieu of contributions, after that employer has
9 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
10 with respect to becoming an employer, provided that the contributions
11 shall be at the rate of 0.10% of wages paid with respect to
12 employment with the State of New Jersey or any other governmental
13 entity or instrumentality electing or required to make payments in lieu
14 of contributions.

15 Each worker shall, starting on January 1, 2000 until December 31,
16 2002, contribute to the unemployment compensation fund 0.20% of
17 wages paid with respect to the worker's employment with a
18 governmental employer electing or required to pay contributions or
19 nongovernmental employer, including a nonprofit organization which
20 is an employer as defined under paragraph (6) of subsection (h) of
21 R.S.43:21-19, regardless of whether that nonprofit organization elects
22 or is required to finance its benefit costs with contributions to the fund
23 or by payments in lieu of contributions, after that employer has
24 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
25 with respect to becoming an employer, provided that the contributions
26 shall be at the rate of 0.10% of wages paid with respect to
27 employment with the State of New Jersey or any other governmental
28 entity or instrumentality electing or required to make payments in lieu
29 of contributions.

30 Each worker shall, starting on and after January 1, 2003, contribute
31 to the unemployment compensation fund 0.40% of wages paid with
32 respect to the worker's employment with a governmental employer
33 electing or required to pay contributions or nongovernmental
34 employer, including a nonprofit organization which is an employer as
35 defined under paragraph (6) of subsection (h) of R.S.43:21-19,
36 regardless of whether that nonprofit organization elects or is required
37 to finance its benefit costs with contributions to the fund or by
38 payments in lieu of contributions, after that employer has satisfied the
39 conditions set forth in subsection (h) of R.S.43:21-19 with respect to
40 becoming an employer, provided that the contributions shall be at the
41 rate of 0.10% 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.

45 (E) Each employer shall, notwithstanding any provision of law in
46 this State to the contrary, withhold in trust the amount of his workers'

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

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

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

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

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

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

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

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

32 (ii) (Deleted by amendment, P.L.1996, c.28.)

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

34 (3) If an employee receives wages from more than one employer
35 during any calendar year, and either the sum of his contributions
36 deposited in and credited to the State disability benefits fund plus the
37 amount of his contributions, if any, required towards the costs of
38 benefits under one or more approved private plans under the
39 provisions of section 9 of the "Temporary Disability Benefits Law"
40 (C.43:21-33) and deducted from his wages, or the sum of such latter
41 contributions, if the employee is covered during such calendar year
42 only by two or more private plans, exceeds an amount equal to 1/2 of
43 1% of the "wages" determined in accordance with the provisions of
44 R.S.43:21-7(b)(3) during the calendar years beginning on or after
45 January 1, 1976, the employee shall be entitled to a refund of the
46 excess if he makes a claim to the controller within two years after the

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

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

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

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

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

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

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

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

33 (B) A separate disability benefits account shall be maintained for
34 each employer required to contribute to the State disability benefits
35 fund and such account shall be credited with contributions deposited
36 in and credited to such fund with respect to employment occurring on
37 and after January 1, 1949. Each employer's account shall be credited
38 with all contributions paid on or before January 31 of any calendar
39 year on his own behalf and on behalf of individuals in his service with
40 respect to employment occurring in preceding calendar years;
41 provided, however, that if January 31 of any calendar year falls on a
42 Saturday or Sunday an employer's account shall be credited as of
43 January 31 of such calendar year with all the contributions which he
44 has paid on or before the next succeeding day which is not a Saturday
45 or Sunday. But nothing in this act shall be construed to grant any
46 employer or individuals in his service prior claims or rights to the

1 amounts paid by him to the fund either on his own behalf or on behalf
2 of such individuals. Benefits paid to any covered individual in
3 accordance with Article III of the "Temporary Disability Benefits
4 Law" on or before December 31 of any calendar year with respect to
5 disability in such calendar year and in preceding calendar years shall be
6 charged against the account of the employer by whom such individual
7 was employed at the commencement of such disability or by whom he
8 was last employed, if out of employment.

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

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

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

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

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

30 (ii) $\frac{15}{100}$ of 1% if such excess over \$500.00 equals or exceeds 1
31 $\frac{1}{4}$ % but is less than $1\frac{1}{2}$ % of his average annual payroll;

32 (iii) $\frac{1}{10}$ of 1% if such excess over \$500.00 equals or exceeds 1
33 $\frac{1}{2}$ % of his average annual payroll.

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

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

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

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

46 (iii) $\frac{55}{100}$ of 1% if such excess over \$500.00 equals or exceeds

1 1/2 of 1% but is less than 3/4 of 1% of his average annual payroll;

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

4 (v) 75/100 of 1% if such excess over \$500.00 equals or exceeds
5 1% of his average annual payroll.

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

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

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

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

38 (ii) If the percentage determined in accordance with paragraph
39 (E)(1) of this subsection equals or exceeds 3/4 of 1% and is less than
40 1 1/4 of 1%, the final employer rates shall be the preliminary employer
41 rates.

42 (iii) If the percentage determined in accordance with paragraph
43 (E)(1) of this subsection is less than 3/4 of 1%, but in excess of 1/4 of
44 1%, the final employer rates shall be the preliminary employer rates
45 determined as provided in (D) hereof increased by the difference
46 between 3/4 of 1% and such percentage taken to the nearest 5/100 of

1 1%; provided, however, that no such final rate shall be more than 1/4
2 of 1% in the case of an employer whose preliminary rate is determined
3 as provided in (D)(2) hereof, more than 1/2 of 1% in the case of an
4 employer whose preliminary rate is determined as provided in (D)(1)
5 and (D)(3) hereof, nor more than 3/4 of 1% in the case of an employer
6 whose preliminary rate is determined as provided in (D)(4) hereof.

7 (iv) If the amount of the State disability benefits fund determined
8 as provided in paragraph (E)(1) of this subsection is equal to or less
9 than 1/4 of 1%, then the final rate shall be 2/5 of 1% in the case of an
10 employer whose preliminary rate is determined as provided in (D)(2)
11 hereof, 7/10 of 1% in the case of an employer whose preliminary rate
12 is determined as provided in (D)(1) and (D)(3) hereof, and 1.1% in the
13 case of an employer whose preliminary rate is determined as provided
14 in (D)(4) hereof. Notwithstanding any other provision of law or any
15 determination made by the controller with respect to any 12-month
16 period commencing on July 1, 1970, the final rates for all employers
17 for the period beginning January 1, 1971, shall be as set forth herein.
18 (cf: P.L.1997, c.255, s.2)

19
20 13. Section 4 of P.L.1971, c.346 (C.43:21-7.3) is amended to read
21 as follows:

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

30 (b) Any governmental entity or instrumentality may, as an
31 alternative to financing benefits by payments in lieu of contributions,
32 elect to pay contributions beginning with the date on which its
33 subjectivity begins by filing written notice of its election with the
34 department no later than 120 days after such subjectivity begins,
35 provided that such election shall be effective for at least two full
36 calendar years; or it may elect to pay contributions for a period of not
37 less than two calendar years beginning January 1 of any year if written
38 notice of such election is filed with the department not later than
39 February 1 of such year; provided, further, that such governmental
40 entity or instrumentality shall remain liable for payments in lieu of
41 contributions with respect to all benefits paid based on base year
42 wages earned in the employ of such entity or instrumentality in the
43 period during which it financed its benefits by payments in lieu of
44 contributions.

45 (c) Any governmental entity or instrumentality may terminate its
46 election to pay contributions as of January 1 of any year by filing

1 written notice not later than February 1 of any year with respect to
2 which termination is to become effective. It may not revert to a
3 contributions method of financing for at least two full calendar years
4 after such termination.

5 (d) Any governmental entity or instrumentality electing the option
6 for contributions financing shall report and pay contributions in
7 accordance with the provisions of R.S.43:21-7 except that,
8 notwithstanding the provisions of that section, the contribution rate for
9 such governmental entity or instrumentality shall be 1% for the entire
10 calendar year 1978 and the contribution rate for any subsequent
11 calendar years shall be the rate established for governmental entities
12 or instrumentalities under subsection (e) of this section.

13 (e) On or before September 1 of each year, the Commissioner of
14 Labor shall review the composite benefit cost experience of all
15 governmental entities and instrumentalities electing to pay
16 contributions and, on the basis of that experience, establish the
17 contribution rate for the next following calendar year which can be
18 expected to yield sufficient revenue in combination with worker
19 contributions to equal or exceed the projected costs for that calendar
20 year.

21 (f) Any covered governmental entity or instrumentality electing to
22 pay contributions shall each year appropriate, out of its general funds,
23 moneys to pay the projected costs of benefits at the rate determined
24 under subsection (e) of this section. These funds shall be held in a
25 trust fund maintained by the governmental entity for this purpose. Any
26 surplus remaining in this trust fund may be retained in reserve for
27 payment of benefit costs for subsequent years either by contributions
28 or payments in lieu of contributions.

29 (g) Any governmental entity or instrumentality electing to finance
30 benefit costs with payments in lieu of contributions shall pay into the
31 fund an amount equal to all benefit costs for which it is liable pursuant
32 to the provisions of the "unemployment compensation law." Each
33 subject governmental entity or instrumentality shall require payments
34 from its workers in the same manner and amount as prescribed under
35 R.S.43:21-7(d) for governmental entities and instrumentalities
36 financing their benefit costs with contributions. No such payment shall
37 be used for a purpose other than to meet the benefits liability of such
38 governmental entity or instrumentality. In addition, each subject
39 governmental entity or instrumentality shall appropriate out of its
40 general funds sufficient moneys which, in addition to any worker
41 payments it requires, are necessary to pay its annual benefit costs
42 estimated on the basis of its past benefit cost experience; provided that
43 for its first year of coverage, its benefit costs shall be deemed to
44 require an appropriation equal to 1% of the projected total of its
45 taxable wages for the year. These appropriated moneys and worker
46 payments shall be held in a trust fund maintained by the governmental

1 entity or instrumentality for this purpose. Any surplus remaining in
2 this trust fund shall be retained in reserve for payment of benefit costs
3 in subsequent years. If a governmental entity or instrumentality
4 requires its workers to make payments as authorized herein, such
5 workers shall not be subject to the contributions required in
6 R.S.43:21-7(d).

7 (h) Notwithstanding the provisions of the above subsection (g),
8 commencing July 1, 1986 worker contributions to the unemployment
9 trust fund with respect to wages paid by any governmental entity or
10 instrumentality electing or required to make payments in lieu of
11 contributions, including the State of New Jersey, shall be made in
12 accordance with the provisions of R.S.43:21-7(d)(1)(C) or
13 R.S.43:21-7(d)(1)(D), as applicable, and, in addition, each
14 governmental entity or instrumentality electing or required to make
15 payments in lieu of contributions shall, except during the period
16 starting January 1, 1993 and ending December 31, 1995 and the period
17 starting April 1, 1996 and ending December 31, ~~[1997]~~ 1998 [or, if
18 the unemployment compensation fund reserve ratio, as determined
19 pursuant to paragraph (5) of subsection (c) of R.S.43:21-7, decreases
20 to a level of less than 4.00% on March 31 of calendar year 1994 or
21 calendar year 1995, ending July 1 of that calendar year], require
22 payments from its workers at the following rates of wages paid, which
23 amounts are to be held in the trust fund maintained by the
24 governmental entity or instrumentality for payment of benefit costs:
25 for the calendar year [1998] 1999, 0.05%; for each calendar year
26 2000 to 2002, 0.10%; and each calendar year thereafter, 0.30%.
27 (cf: P.L.1996, c.30, s.7)

28

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

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

36 Beginning April 1, 1996 through December 31, 1996, each
37 employee shall, in such a manner and at such times as determined by
38 the commissioner, contribute to the fund an amount equal to 0.6% of
39 the employee's taxable wages, except that the total amount contributed
40 to the fund when combined with the employee's contribution made
41 pursuant to R.S.43:31-7(d)(1)(D) for the period January 1, 1996
42 through March 31, 1996, shall not exceed 0.6% of the employee's
43 taxable wages for the 1996 calendar year.

44 Beginning January 1, 1997 through December 31, 1997, each
45 employee shall, in such a manner and at such times as determined by
46 the commissioner, contribute to the fund an amount equal to 0.5% of

1 the employee's taxable wages.

2 Beginning on January 1, 1998 until December 31, 1998, each
3 employee shall, in such a manner and at such times as determined by
4 the commissioner, contribute to the fund an amount equal to 0.30% of
5 the employee's taxable wages.

6 Beginning on January 1, 1999 until December 31, 1999, each
7 employee shall, in such a manner and at such times as determined by
8 the commissioner, contribute to the fund an amount equal to 0.25% of
9 the employee's taxable wages.

10 Beginning on January 1, 2000 until December 31, 2002, each
11 employee shall, in such a manner and at such times as determined by
12 the commissioner, contribute to the fund an amount equal to 0.20% of
13 the employee's taxable wages.

14 Also beginning on January 1, 1993 until December 31, 1995 and
15 beginning April 1, 1996 until December 31, 1997, each employer shall,
16 in such a manner and at such times as determined by the commissioner,
17 contribute to the fund an amount equal to the amount that the
18 employer's contribution to the unemployment compensation fund is
19 decreased pursuant to subparagraph (H) of paragraph (5) of subsection
20 (c) of R.S.43:21-7.

21 Also beginning on January 1, 1998 until December 31, 2000, each
22 employer shall, in such a manner and at such times as determined by
23 the commissioner, contribute to the fund an amount equal to the
24 amount that the employer's contribution to the unemployment
25 compensation fund is decreased pursuant to subparagraph (H) of
26 paragraph (5) of subsection (c) of R.S.43:21-7.

27 b. If the unemployment compensation fund reserve ratio, as
28 determined pursuant to paragraph (5) of subsection (c) of
29 R.S.43:21-7, decreases to a level of less than 4.00% on March 31 of
30 calendar year 1994 or calendar year 1995, the provisions of subsection
31 a. of this section shall cease to be in effect as of July 1 of that calendar
32 year and each employer who would be subject to making the
33 contributions pursuant to subsection a. of this section if that
34 subsection were in effect shall, beginning on July 1 of that calendar
35 year, contribute to the fund an amount equal to 0.62% of the total
36 wages paid by the employer and shall continue to contribute that
37 amount until December 31, 1995.

38 c. If the total amount of contributions to the fund pursuant to this
39 section during the calendar year 1993 exceeds \$600 million, all
40 contributions which exceed \$600 million shall be deposited in the
41 unemployment compensation fund. If the total amount of
42 contributions to the fund pursuant to this section during calendar year
43 1994 or calendar year 1995 exceeds \$500 million, all contributions
44 which exceed \$500 million shall be deposited in the unemployment
45 compensation fund. If the total amount of contributions made to the
46 fund pursuant to this section for the calendar year 1996 or 1997

1 exceeds \$330 million, all contributions which exceed \$330 million in
2 calendar year 1996 or 1997 shall be deposited in the unemployment
3 compensation fund. If the total amount of contributions made to the
4 fund pursuant to this section for the calendar year 1998 exceeds \$288
5 million, all contributions which exceed \$288 million in the calendar
6 year 1998 shall be deposited in the unemployment compensation fund.
7 If the total amount of contributions made to the fund pursuant to this
8 section for the calendar year 1999 exceeds \$233.9 million, all
9 contributions which exceed \$233.9 million in the calendar year 1999
10 shall be deposited in the unemployment compensation fund. If the
11 total amount of contributions made to the fund pursuant to this section
12 for the calendar year 2000 exceeds \$178.6 million, all contributions
13 which exceed \$178.6 million in the calendar year 2000 shall be
14 deposited in the unemployment compensation fund. If the total
15 amount of contributions made to the fund pursuant to this section for
16 the calendar year 2001 exceeds \$94.9 million, all contributions which
17 exceed \$94.9 million in the calendar year 2001 shall be deposited in
18 the unemployment compensation fund. If the total amount of
19 contributions made to the fund pursuant to this section for the
20 calendar year 2002 exceeds \$66.5 million, all contributions which
21 exceed \$66.5 million in the calendar year 2002 shall be deposited in
22 the unemployment compensation fund.

23 d. All necessary administrative costs related to the collection of
24 contributions pursuant to this section shall be paid from the
25 contributions.

26 (cf: P.L.1996, c.28, s.14)

27

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

30 32. a. If an employee receives wages from more than one
31 employer during any calendar year, and the sum of the employee's
32 contributions deposited in the fund exceeds an amount equal to 0.6%
33 of the wages determined in accordance with the provisions of
34 paragraph (3) of subsection (b) of R.S.43:21-7 during calendar year
35 1993, calendar year 1994 or calendar year 1995, the employee shall be
36 entitled to a refund of the excess if a claim establishing the employee's
37 right to the refund is made within two years after the end of the
38 respective calendar year in which the wages are received and are the
39 subject of the claim. The commissioner shall refund any overpayment
40 from the fund without interest.

41 If an employee receives wages from more than one employer during
42 the calendar year 1996 and the sum of the employee's contributions
43 deposited in the unemployment compensation fund during the period
44 January 1, 1996 through March 31, 1996 and the employee's
45 contributions deposited in the health care subsidy fund during the
46 period April 1, 1996 through December 31, 1996 exceeds an amount

1 equal to 0.6% of the wages determined in accordance with the
2 provisions of paragraph (3) of subsection (b) of R.S.43:21-7 which
3 wages are received during the period January 1, 1996 through
4 December 31, 1996, the employee shall be entitled to a refund of the
5 excess if a claim establishing the employee's right to the refund is made
6 within two years after the end of the respective calendar year in which
7 the wages are received and are the subject of the claim. The
8 commissioner shall refund any overpayment without interest from the
9 unemployment compensation fund or the health care subsidy fund, or
10 both, as appropriate.

11 If an employee receives wages from more than one employer during
12 the calendar year 1997, and the sum of the employee's contributions
13 deposited in the fund exceeds an amount equal to 0.5% of the wages
14 determined in accordance with the provisions of paragraph (3) of
15 subsection (b) of R.S.43:21-7 during calendar year 1997, the employee
16 shall be entitled to a refund of the excess if a claim establishing the
17 employee's right to the refund is made within two years after the end
18 of the respective calendar year in which the wages are received and are
19 the subject of the claim. The commissioner shall refund any
20 overpayment from the fund without interest.

21 If an employee receives wages from more than one employer during
22 the calendar year 1998, 1999, 2000, 2001 or 2002 and the sum of the
23 employee's contributions deposited in the unemployment compensation
24 fund and the employee's contributions deposited in the health care
25 subsidy fund during the calendar year 1998, 1999, 2000, 2001 or 2002
26 exceeds an amount equal to 0.4% of the wages determined in
27 accordance with the provisions of paragraph (3) of subsection (b) of
28 R.S.43:21-7 which wages are received during the respective calendar
29 year, 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 without interest from the unemployment
34 compensation fund or the health care subsidy fund, or both, as
35 appropriate.

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

1 an overpayment and shall be refunded to the taxpayer in the manner
2 provided by subsection (a) of N.J.S.54A:9-7.

3 (cf: P.L.1996, c.28, s.15.)

4

5 16. This act shall take effect on January 1, 1998 and, if enacted
6 after that date, shall be retroactive to January 1, 1998.

7

8

9

STATEMENT

10

11 This bill provides funding for the remaining six months of fiscal year
12 1998 and each fiscal year thereafter for the following health care
13 programs:

14

15 C Charity care subsidies to hospitals (through the Health Care
16 Subsidy Fund in the Department of Health and Senior Services) -
17 at \$320 million each year, using the methodology and requirements
18 established in P.L.1996, c.28, except that the program will now be
19 budgeted on the basis of the State fiscal year rather than a calendar
20 year;

21

22 C The Hospital Relief Fund (in the Division of Medical Assistance and
23 Health Services in the Department of Human Services), which
24 provides subsidies to hospitals that provide a high percentage of
25 care to patients with HIV, mental illness, tuberculosis, substance
26 abuse and addiction or neonatal complexity - at \$101.5 million in
27 State funds each fiscal year, matched annually by \$101.5 million in
28 federal funds;

29

30 C The Health Access New Jersey subsidized health insurance program
31 - at \$20 million each fiscal year; and

32

33 C Children's health care coverage provided pursuant to Title XXI of
34 the federal Social Security Act - at \$23.8 million for the balance of
35 fiscal year 1998 and \$47.6 million in fiscal year 1999. These funds
36 will be matched by \$44 million in federal funds in fiscal year 1998
37 and \$88 million in federal funds in fiscal year 1999. The bill
38 provides that an amount be appropriated for each succeeding fiscal
39 year that is sufficient to provide the State match for the maximum
40 amount of federal funding available to New Jersey for this purpose.

41

42 The bill provides a total of \$489.1 million in funding for these
43 health care programs while reducing the current reliance on diversions
44 of unemployment insurance (UI) contributions to fund health care for
45 low income persons. A companion bill provides that the first \$155
46 million collected from the cigarette and other tobacco products taxes
(which are increased in that bill) will be deposited each year in the
Health Care Subsidy Fund. Also, this bill provides that for the
remainder of fiscal year 1998, \$42.9 million in General Fund revenues
will be deposited in the Health Care Subsidy Fund for the health care
programs. In subsequent years, General Fund contributions will

1 increase to offset the decrease in funds from employer and employee
2 contributions. Employer and employee payroll contributions will
3 decrease and be phased out over a five calendar year period, from
4 \$288 million in calendar year 1998 to \$233.9 million in 1999, \$178.6
5 million in 2000, \$94.9 million in 2001 and \$66.5 million in 2002.

6 In addition, the Experience Rating Tax Table has been changed to
7 provide that if the Unemployment Trust Fund Reserve Ratio calculated
8 prior to July 1, 1998 reaches 4.5% or greater, the column A tax rates
9 will apply to employer taxes. The current Unemployment Trust Fund
10 Reserve Ratio, which was calculated prior to July 1, 1997, is 5.25%.

11

12

13

14

15 Provides funding for charity care and other health care programs.