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"Before a good meal, start with a racing appetizer," Asbury Park Press, 1-18-12

LAW/RWH

P.L.2011, CHAPTER 206, *approved January 17, 2012*  
Senate, No. 3186

1 AN ACT concerning extended unemployment benefits and amending  
2 P.L.1970, c.324.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. Section 5 of P.L.1970, c.324 (C.43:21-24.11) is amended to  
8 read as follows:

9 5. For the purposes of the extended benefit program and as  
10 used in this act, unless the context clearly requires otherwise:

11 a. "Extended benefit period" means a period which

12 (1) Begins with the third week after a week for which there is a  
13 state "on" indicator; and

14 (2) Ends with either of the following weeks, whichever occurs  
15 later:

16 (a) The third week after the first week for which there is a state  
17 "off" indicator; or

18 (b) The thirteenth consecutive week of such period; provided,  
19 that no extended benefit period may begin by reason of a state "on"  
20 indicator before the fourteenth week after the close of a prior  
21 extended benefit period which was in effect with respect to this  
22 State; and provided further, that no extended benefit period may  
23 become effective in this State prior to the effective date of this act.

24 b. (Deleted by amendment.)

25 c. (Deleted by amendment.)

26 d. There is a "state 'on' indicator" for this State for a week if:

27 (1) The division determines, in accordance with the regulations  
28 of the United States Secretary of Labor, that for the period  
29 consisting of the respective week and the immediately preceding 12  
30 weeks, the rate of insured unemployment (not seasonally adjusted)  
31 under the "unemployment compensation law" (R.S.43:21-1 et seq.):

32 (a) Equaled or exceeded 120% of the average of these rates for  
33 the corresponding 13-week period during each of the preceding 2  
34 calendar years, and, for weeks beginning after September 25, 1982,  
35 equaled or exceeded 5%; or

36 (b) With respect to benefits for weeks of unemployment  
37 beginning after September 25, 1982, equaled or exceeded 6%; or

38 (2) With respect to any week of unemployment beginning after  
39 December 27, 2003 **[and before April 1, 2011 or after December**  
40 **31, 2011]** , except for any week of unemployment which occurs  
41 during the time period referenced in paragraph (3) of this subsection

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

**Matter underlined thus is new matter.**

1 d., the average seasonally adjusted rate of total unemployment in  
2 the State, as determined by the United States Secretary of Labor for  
3 the most recent three-month period for which data for all states are  
4 published:

5 (a) Equals or exceeds 6.5%; and

6 (b) Equals or exceeds 110% of the average seasonally adjusted  
7 rate of total unemployment in the State during either or both of the  
8 corresponding three-month periods ending in the two preceding  
9 calendar years; or

10 (3) With respect to any week of unemployment beginning after  
11 March 31, 2011 and ending **【before January 1, 2012】** on or before  
12 the earlier of the latest date permitted under federal law or the end  
13 of the fourth week prior to the last week for which federal sharing is  
14 provided, as authorized by section 2005(a) of Pub.L. 111-5, the  
15 average seasonally adjusted rate of total unemployment in the State,  
16 as determined by the United States Secretary of Labor for the most  
17 recent three-month period for which data for all states are  
18 published:

19 (a) Equals or exceeds 6.5%; and

20 (b) Equals or exceeds 110% of the average seasonally adjusted  
21 rate of total unemployment in the State during any one of the  
22 corresponding three-month periods ending in the three preceding  
23 calendar years.

24 e. There is a "state 'off' indicator" for this State for a week if:

25 (1) The division determines, in accordance with the regulations  
26 of the United States Secretary of Labor, that for the period  
27 consisting of the respective week and the immediately preceding 12  
28 weeks, paragraph (1) of subsection d. was not satisfied; and

29 (2) With respect to any week of unemployment beginning after  
30 December 27, 2003 and before April 1, 2011 or after **【December**  
31 **31, 2011】** the earlier of the latest date permitted under federal law  
32 or the end of the fourth week prior to the last week for which  
33 federal sharing is provided, as authorized by section 2005(a) of  
34 Pub.L. 111-5, as determined by the United States Secretary of  
35 Labor for the most recent three-month period for which data for all  
36 states are published, paragraph (2) of subsection d. was not  
37 satisfied.

38 f. "Rate of insured unemployment," for purposes of  
39 subsections d. and e. means the percentage derived by dividing

40 (1) The average weekly number of individuals filing claims for  
41 regular benefits in this State for weeks of unemployment with  
42 respect to the most recent 13-consecutive-week period, as  
43 determined by the division on the basis of its reports to the United  
44 States Secretary of Labor, by

45 (2) The average monthly covered employment for the specified  
46 period.

47 g. "Regular benefits" means benefits payable to an individual  
48 under the "unemployment compensation law" (R.S.43:21-1 et seq.)

1 or under any other State law (including benefits payable to federal  
2 civilian employees and to ex-servicemen pursuant to 5 U.S.C.  
3 s.8501 et seq.) other than extended benefits.

4 h. "Extended benefits" means benefits (including benefits  
5 payable to federal civilian employees and to ex-servicemen  
6 pursuant to 5 U.S.C. s.8501 et seq.) payable to an individual under  
7 the provisions of this act for weeks of unemployment in his  
8 eligibility period.

9 i. "Eligibility period" of an individual means the period  
10 consisting of the weeks in his benefit year which begin in an  
11 extended benefit period and, if his benefit year ends within the  
12 extended benefit period, any weeks thereafter which begin in the  
13 period.

14 j. "Exhaustee" means an individual who, with respect to any  
15 week of unemployment in his eligibility period:

16 (1) Has received prior to the week, all of the regular benefits  
17 that were available to him under the "unemployment compensation  
18 law" (R.S. 43:21-1 et seq.) or any other State law (including  
19 dependents' allowances and benefits payable to federal civilian  
20 employees and ex-servicemen under 5 U.S.C. s.8501 et seq.) in his  
21 current benefit year that includes such week, provided, that for the  
22 purposes of this paragraph, an individual shall be deemed to have  
23 received all of the regular benefits that were available to him,  
24 although as a result of a pending appeal with respect to wages  
25 and/or employment that were not considered in the original  
26 monetary determination in his benefit year, he may subsequently be  
27 determined to be entitled to added regular benefits; or

28 (2) His benefit year having expired prior to such week, has no,  
29 or insufficient, wages and/or employment on the basis of which he  
30 could establish a new benefit year that would include such week;  
31 and

32 (3) (a) has no right to unemployment benefits or allowances, as  
33 the case may be, under the Railroad Unemployment Insurance Act,  
34 the Trade Expansion Act of 1962, the Automotive Products Trade  
35 Act of 1965 and such other federal laws as are specified in  
36 regulations issued by the United States Secretary of Labor; and

37 (b) has not received and is not seeking unemployment benefits  
38 under the Unemployment Compensation Law of Canada; but if he is  
39 seeking these benefits and the appropriate agency finally determines  
40 that he is not entitled to benefits under that law he is considered an  
41 exhaustee if the other provisions of this definition are met.

42 k. "State law" means the unemployment insurance law of any  
43 state approved by the United States Secretary of Labor under  
44 section 3304 of the Internal Revenue Code of 1986, 26 U.S.C.  
45 s.3304.

46 l. "High unemployment period" means:

47 (1) Any period beginning after December 27, 2003 **【and before**  
48 **April 1, 2011 or after December 31, 2011】** , except for any week of

1 unemployment which occurs during the time period referenced in  
2 paragraph (2) of this subsection 1. during which the average  
3 seasonally adjusted rate of total unemployment in the State, as  
4 determined by the United States Secretary of Labor for the most  
5 recent three-month period for which data for all states are  
6 published:

7 (a) Equals or exceeds 8%; and

8 (b) Equals or exceeds 110% of the average seasonally adjusted  
9 rate of total unemployment in the State during either or both of the  
10 corresponding three-month periods ending in the two preceding  
11 calendar years: or

12 (2) Any period beginning after March 31, 2011, and ending  
13 before **[January 1, 2012]** the earlier of the latest date permitted  
14 under federal law or the end of the fourth week prior to the last  
15 week for which federal sharing is provided, as authorized by section  
16 2005(a) of Pub.L. 111-5, during which the average seasonally  
17 adjusted rate of total unemployment in the State, as determined by  
18 the United States Secretary of Labor for the most recent three-  
19 month period for which data for all states are published:

20 (a) Equals or exceeds 8%; and

21 (b) Equals or exceeds 110% of the average seasonally adjusted  
22 rate of total unemployment in the State during any one of the  
23 corresponding three-month periods ending in the three preceding  
24 calendar years.

25 (cf: P.L.2011, c.51, s.1)

26  
27 2. This act shall take effect immediately and shall be  
28 retroactive to December 3, 2011.

## 31 STATEMENT

32  
33 This bill continues an option first made available by federal  
34 legislation, the “Tax Relief, Unemployment Insurance  
35 Reauthorization, and Job Creation Act of 2010,” Pub.L. 111-312,  
36 and enacted in New Jersey as P.L.2011, c.51, which permitted laid-  
37 off workers in New Jersey to continue to receive extended  
38 unemployment benefits which are 100 percent federally funded.

39 P.L.2011, c.51 amended the State’s “Extended Benefits Law” to  
40 match the federally expanded look-back period for qualification for  
41 extended unemployment benefits until December 31, 2011.  
42 However, on December 23, 2011, the “Temporary Payroll Tax Cut  
43 Continuation Act of 2011,” Pub.L. 112-78, was enacted, further  
44 extending the federal expansion for two additional months, until  
45 February 29, 2012.

46 Prior to the enactment of P.L.2011, c.51, the State’s “Extended  
47 Benefits Law,” sections 5 through 11 of P.L.1970, c.324 (C.43:21-  
48 24.11 et seq.), provided that extended benefits (“EB”) are triggered

1 “on” if the total unemployment rate in the State for the most recent  
2 three-month period for which data is available:

3 1. Equals or exceeds 110% of the average unemployment rate  
4 in the State during either or both of the corresponding three-month  
5 periods ending in the two preceding calendar years; and

6 2. Equals or exceeds 6.5%, in which case 13 weeks of EB will  
7 be provided, or equals or exceeds 8%, in which case 20 weeks of  
8 EB will be provided.

9 The State unemployment rate remained high enough during 2011  
10 to meet the second requirement to trigger “on” EB. However, the  
11 first requirement to trigger “on” EB, that the unemployment rate be  
12 at least 10% higher than the corresponding period in either of the  
13 **two** preceding years, was not sustained through 2011. In response to  
14 this concern, the federal “Tax Relief, Unemployment Insurance  
15 Reauthorization, and Job Creation Act of 2010,” Pub.L. 111-312,  
16 was passed to trigger “on” EB if the State unemployment rate in the  
17 most recent three-month period equals or exceeds 110 percent of the  
18 unemployment rate during any one of the corresponding periods  
19 ending in any of the **three** preceding calendar years. However, the  
20 elongated look-back period was only effective until December 31,  
21 2011; after that date the federal legislation reverted to a two year  
22 look-back. However, on December 23, 2011, the “Temporary  
23 Payroll Tax Cut Continuation Act of 2011,” Pub.L. 112-78, was  
24 enacted, extending the three year look-back until February 29,  
25 2012.

26 This bill extends the three year look-back until the time when the  
27 100 percent federal funding of extended benefits ends. Therefore, if  
28 Congress further extends the provision permitting states to use a  
29 three year look-back, New Jersey would continue to provide  
30 extended benefits to its citizens until such time as either the three  
31 year look-back expires or the 100 percent federal funding ends.

32 The continuation of EB under this bill will incur no costs to New  
33 Jersey’s UI fund or employers in the State, because the legislation  
34 ties any reliance on a three year look-back to the continuation of  
35 100 percent federal funding of the benefits. Under the federal act,  
36 both the 100 percent federal funding and the greater availability of  
37 EB under the trigger option, as implemented by this bill, expire  
38 simultaneously.

39

40

41

42

43 Changes trigger for certain extended unemployment benefits.

# SENATE, No. 3186

## STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED JANUARY 5, 2012

**Sponsored by:**

**Senator FRED H. MADDEN, JR.**

**District 4 (Camden and Gloucester)**

**Senator PAUL A. SARLO**

**District 36 (Bergen, Essex and Passaic)**

**Assemblyman JOSEPH V. EGAN**

**District 17 (Middlesex and Somerset)**

**Assemblyman TROY SINGLETON**

**District 7 (Burlington and Camden)**

**Co-Sponsored by:**

**Senator Greenstein**

**SYNOPSIS**

Changes trigger for certain extended unemployment benefits.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 1/10/2012)**



1 AN ACT concerning extended unemployment benefits and amending  
2 P.L.1970, c.324.

3

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

6

7 1. Section 5 of P.L.1970, c.324 (C.43:21-24.11) is amended to  
8 read as follows:

9 5. For the purposes of the extended benefit program and as  
10 used in this act, unless the context clearly requires otherwise:

11 a. "Extended benefit period" means a period which

12 (1) Begins with the third week after a week for which there is a  
13 state "on" indicator; and

14 (2) Ends with either of the following weeks, whichever occurs  
15 later:

16 (a) The third week after the first week for which there is a state  
17 "off" indicator; or

18 (b) The thirteenth consecutive week of such period; provided,  
19 that no extended benefit period may begin by reason of a state "on"  
20 indicator before the fourteenth week after the close of a prior  
21 extended benefit period which was in effect with respect to this  
22 State; and provided further, that no extended benefit period may  
23 become effective in this State prior to the effective date of this act.

24 b. (Deleted by amendment.)

25 c. (Deleted by amendment.)

26 d. There is a "state 'on' indicator" for this State for a week if:

27 (1) The division determines, in accordance with the regulations  
28 of the United States Secretary of Labor, that for the period  
29 consisting of the respective week and the immediately preceding 12  
30 weeks, the rate of insured unemployment (not seasonally adjusted)  
31 under the "unemployment compensation law" (R.S.43:21-1 et seq.):

32 (a) Equaled or exceeded 120% of the average of these rates for  
33 the corresponding 13-week period during each of the preceding 2  
34 calendar years, and, for weeks beginning after September 25, 1982,  
35 equaled or exceeded 5%; or

36 (b) With respect to benefits for weeks of unemployment  
37 beginning after September 25, 1982, equaled or exceeded 6%; or

38 (2) With respect to any week of unemployment beginning after  
39 December 27, 2003 **[and before April 1, 2011 or after December**  
40 **31, 2011]** , except for any week of unemployment which occurs  
41 during the time period referenced in paragraph (3) of this subsection  
42 d., the average seasonally adjusted rate of total unemployment in  
43 the State, as determined by the United States Secretary of Labor for  
44 the most recent three-month period for which data for all states are  
45 published:

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

**Matter underlined thus is new matter.**

- 1 (a) Equals or exceeds 6.5%; and
- 2 (b) Equals or exceeds 110% of the average seasonally adjusted  
3 rate of total unemployment in the State during either or both of the  
4 corresponding three-month periods ending in the two preceding  
5 calendar years; or
- 6 (3) With respect to any week of unemployment beginning after  
7 March 31, 2011 and ending **【before January 1, 2012】** on or before  
8 the earlier of the latest date permitted under federal law or the end  
9 of the fourth week prior to the last week for which federal sharing is  
10 provided, as authorized by section 2005(a) of Pub.L. 111-5, the  
11 average seasonally adjusted rate of total unemployment in the State,  
12 as determined by the United States Secretary of Labor for the most  
13 recent three-month period for which data for all states are  
14 published:
- 15 (a) Equals or exceeds 6.5%; and
- 16 (b) Equals or exceeds 110% of the average seasonally adjusted  
17 rate of total unemployment in the State during any one of the  
18 corresponding three-month periods ending in the three preceding  
19 calendar years.
- 20 e. There is a "state 'off' indicator" for this State for a week if:
- 21 (1) The division determines, in accordance with the regulations  
22 of the United States Secretary of Labor, that for the period  
23 consisting of the respective week and the immediately preceding 12  
24 weeks, paragraph (1) of subsection d. was not satisfied; and
- 25 (2) With respect to any week of unemployment beginning after  
26 December 27, 2003 and before April 1, 2011 or after **【December**  
27 **31, 2011】** the earlier of the latest date permitted under federal law  
28 or the end of the fourth week prior to the last week for which  
29 federal sharing is provided, as authorized by section 2005(a) of  
30 Pub.L. 111-5, as determined by the United States Secretary of  
31 Labor for the most recent three-month period for which data for all  
32 states are published, paragraph (2) of subsection d. was not  
33 satisfied.
- 34 f. "Rate of insured unemployment," for purposes of  
35 subsections d. and e. means the percentage derived by dividing
- 36 (1) The average weekly number of individuals filing claims for  
37 regular benefits in this State for weeks of unemployment with  
38 respect to the most recent 13-consecutive-week period, as  
39 determined by the division on the basis of its reports to the United  
40 States Secretary of Labor, by
- 41 (2) The average monthly covered employment for the specified  
42 period.
- 43 g. "Regular benefits" means benefits payable to an individual  
44 under the "unemployment compensation law" (R.S.43:21-1 et seq.)  
45 or under any other State law (including benefits payable to federal  
46 civilian employees and to ex-servicemen pursuant to 5 U.S.C.  
47 s.8501 et seq.) other than extended benefits.

1 h. "Extended benefits" means benefits (including benefits  
2 payable to federal civilian employees and to ex-servicemen  
3 pursuant to 5 U.S.C. s.8501 et seq.) payable to an individual under  
4 the provisions of this act for weeks of unemployment in his  
5 eligibility period.

6 i. "Eligibility period" of an individual means the period  
7 consisting of the weeks in his benefit year which begin in an  
8 extended benefit period and, if his benefit year ends within the  
9 extended benefit period, any weeks thereafter which begin in the  
10 period.

11 j. "Exhaustee" means an individual who, with respect to any  
12 week of unemployment in his eligibility period:

13 (1) Has received prior to the week, all of the regular benefits  
14 that were available to him under the "unemployment compensation  
15 law" (R.S. 43:21-1 et seq.) or any other State law (including  
16 dependents' allowances and benefits payable to federal civilian  
17 employees and ex-servicemen under 5 U.S.C. s.8501 et seq.) in his  
18 current benefit year that includes such week, provided, that for the  
19 purposes of this paragraph, an individual shall be deemed to have  
20 received all of the regular benefits that were available to him,  
21 although as a result of a pending appeal with respect to wages  
22 and/or employment that were not considered in the original  
23 monetary determination in his benefit year, he may subsequently be  
24 determined to be entitled to added regular benefits; or

25 (2) His benefit year having expired prior to such week, has no,  
26 or insufficient, wages and/or employment on the basis of which he  
27 could establish a new benefit year that would include such week;  
28 and

29 (3) (a) has no right to unemployment benefits or allowances, as  
30 the case may be, under the Railroad Unemployment Insurance Act,  
31 the Trade Expansion Act of 1962, the Automotive Products Trade  
32 Act of 1965 and such other federal laws as are specified in  
33 regulations issued by the United States Secretary of Labor; and

34 (b) has not received and is not seeking unemployment benefits  
35 under the Unemployment Compensation Law of Canada; but if he is  
36 seeking these benefits and the appropriate agency finally determines  
37 that he is not entitled to benefits under that law he is considered an  
38 exhaustee if the other provisions of this definition are met.

39 k. "State law" means the unemployment insurance law of any  
40 state approved by the United States Secretary of Labor under  
41 section 3304 of the Internal Revenue Code of 1986, 26 U.S.C.  
42 s.3304.

43 l. "High unemployment period" means:

44 (1) Any period beginning after December 27, 2003 [and before  
45 April 1, 2011 or after December 31, 2011] , except for any week of  
46 unemployment which occurs during the time period referenced in  
47 paragraph (2) of this subsection l., during which the average  
48 seasonally adjusted rate of total unemployment in the State, as

1 determined by the United States Secretary of Labor for the most  
2 recent three-month period for which data for all states are  
3 published:

4 (a) Equals or exceeds 8%; and

5 (b) Equals or exceeds 110% of the average seasonally adjusted  
6 rate of total unemployment in the State during either or both of the  
7 corresponding three-month periods ending in the two preceding  
8 calendar years: or

9 (2) Any period beginning after March 31, 2011, and ending  
10 before January 1, 2012 the earlier of the latest date permitted  
11 under federal law or the end of the fourth week prior to the last  
12 week for which federal sharing is provided, as authorized by section  
13 2005(a) of Pub.L. 111-5, during which the average seasonally  
14 adjusted rate of total unemployment in the State, as determined by  
15 the United States Secretary of Labor for the most recent three-  
16 month period for which data for all states are published:

17 (a) Equals or exceeds 8%; and

18 (b) Equals or exceeds 110% of the average seasonally adjusted  
19 rate of total unemployment in the State during any one of the  
20 corresponding three-month periods ending in the three preceding  
21 calendar years.

22 (cf: P.L.2011, c.51, s.1)

23

24 2. This act shall take effect immediately and shall be  
25 retroactive to December 3, 2011.

26

27

28

#### STATEMENT

29

30 This bill continues an option first made available by federal  
31 legislation, the “Tax Relief, Unemployment Insurance  
32 Reauthorization, and Job Creation Act of 2010,” Pub.L. 111-312,  
33 and enacted in New Jersey as P.L.2011, c.51, which permitted laid-  
34 off workers in New Jersey to continue to receive extended  
35 unemployment benefits which are 100 percent federally funded.

36 P.L.2011, c.51 amended the State’s “Extended Benefits Law” to  
37 match the federally expanded look-back period for qualification for  
38 extended unemployment benefits until December 31, 2011.  
39 However, on December 23, 2011, the “Temporary Payroll Tax Cut  
40 Continuation Act of 2011,” Pub.L. 112-78, was enacted, further  
41 extending the federal expansion for two additional months, until  
42 February 29, 2012.

43 Prior to the enactment of P.L.2011, c.51, the State’s “Extended  
44 Benefits Law,” sections 5 through 11 of P.L.1970, c.324 (C.43:21-  
45 24.11 et seq.), provided that extended benefits (“EB”) are triggered  
46 “on” if the total unemployment rate in the State for the most recent  
47 three-month period for which data is available:

1       1. Equals or exceeds 110% of the average unemployment rate  
2 in the State during either or both of the corresponding three-month  
3 periods ending in the two preceding calendar years; and

4       2. Equals or exceeds 6.5%, in which case 13 weeks of EB will  
5 be provided, or equals or exceeds 8%, in which case 20 weeks of  
6 EB will be provided.

7       The State unemployment rate remained high enough during 2011  
8 to meet the second requirement to trigger “on” EB. However, the  
9 first requirement to trigger “on” EB, that the unemployment rate be  
10 at least 10% higher than the corresponding period in either of the  
11 **two** preceding years, was not sustained through 2011. In response to  
12 this concern, the federal “Tax Relief, Unemployment Insurance  
13 Reauthorization, and Job Creation Act of 2010,” Pub.L. 111-312,  
14 was passed to trigger “on” EB if the State unemployment rate in the  
15 most recent three-month period equals or exceeds 110 percent of the  
16 unemployment rate during any one of the corresponding periods  
17 ending in any of the **three** preceding calendar years. However, the  
18 elongated look-back period was only effective until December 31,  
19 2011; after that date the federal legislation reverted to a two year  
20 look-back. However, on December 23, 2011, the “Temporary  
21 Payroll Tax Cut Continuation Act of 2011,” Pub.L. 112-78, was  
22 enacted, extending the three year look-back until February 29,  
23 2012.

24       This bill extends the three year look-back until the time when the  
25 100 percent federal funding of extended benefits ends. Therefore, if  
26 Congress further extends the provision permitting states to use a  
27 three year look-back, New Jersey would continue to provide  
28 extended benefits to its citizens until such time as either the three  
29 year look-back expires or the 100 percent federal funding ends.

30       The continuation of EB under this bill will incur no costs to New  
31 Jersey’s UI fund or employers in the State, because the legislation  
32 ties any reliance on a three year look-back to the continuation of  
33 100 percent federal funding of the benefits. Under the federal act,  
34 both the 100 percent federal funding and the greater availability of  
35 EB under the trigger option, as implemented by this bill, expire  
36 simultaneously.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 3186

# STATE OF NEW JERSEY

DATED: JANUARY 5, 2012

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3186.

This bill continues an option first made available by federal legislation, the “Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010,” Pub.L. 111-312, and enacted in New Jersey as P.L.2011, c.51, which permitted laid-off workers in New Jersey to continue to receive extended unemployment benefits which are 100 percent federally funded.

P.L.2011, c.51 amended the State’s “Extended Benefits Law” to match the federally expanded look-back period for qualification for extended unemployment benefits until December 31, 2011. However, on December 23, 2011, the “Temporary Payroll Tax Cut Continuation Act of 2011,” Pub.L. 112-78, was enacted, further extending the federal expansion for two additional months, until February 29, 2012.

Prior to the enactment of P.L.2011, c.51, the State’s “Extended Benefits Law,” sections 5 through 11 of P.L.1970, c.324 (C.43:21-24.11 et seq.), provided that extended benefits (“EB”) are triggered “on” if the total unemployment rate in the State for the most recent three-month period for which data is available:

1. Equals or exceeds 110% of the average unemployment rate in the State during either or both of the corresponding three-month periods ending in the two preceding calendar years; and
2. Equals or exceeds 6.5%, in which case 13 weeks of EB will be provided, or equals or exceeds 8%, in which case 20 weeks of EB will be provided.

The State unemployment rate remained high enough during 2011 to meet the second requirement to trigger “on” EB. However, the first requirement to trigger “on” EB, that the unemployment rate be at least 10% higher than the corresponding period in either of the **two** preceding years, was not sustained through 2011. In response to this concern, the federal “Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010,” Pub.L. 111-312, was passed to trigger “on” EB if the State unemployment rate in the most recent three-month period equals or exceeds 110 percent of the unemployment rate during any one of the corresponding periods ending in any of the **three** preceding calendar years. However, the elongated look-back period was only effective until December 31,

2011; after that date the federal legislation reverted to a two year look-back. However, on December 23, 2011, the “Temporary Payroll Tax Cut Continuation Act of 2011,” Pub.L. 112-78, was enacted, extending the three year look-back until February 29, 2012.

This bill extends the three year look-back until the time when the 100 percent federal funding of extended benefits ends. Therefore, if Congress further extends the provision permitting states to use a three year look-back, New Jersey would continue to provide extended benefits to its citizens until such time as either the three year look-back expires or the 100 percent federal funding ends.

FISCAL IMPACT:

The continuation of EB under this bill will incur no costs to New Jersey’s UI fund or employers in the State, because the legislation ties any reliance on a three year look back to the continuation of 100 percent federal funding of the benefits. Under the federal act, both the 100 percent federal funding and the greater availability of EB under the trigger option, as implemented by this bill, expire simultaneously.

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 3186**  
**STATE OF NEW JERSEY**  
**214th LEGISLATURE**

DATED: JANUARY 13, 2012

**SUMMARY**

**Synopsis:** Changes trigger for certain extended unemployment benefits

**Type of Impact:** Expenditure increase and matching revenue increase, Unemployment Insurance Compensation Trust Fund (UI trust fund).

**Agencies Affected:** Department of Labor and Workforce Development

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>
<b>UI Trust Fund</b>	Indeterminate, but will be 100% funded by the federal government
<b>Cost and Revenue</b>	

- Senate Bill No. 3186 of 2012 continues an option made available by federal legislation, the “Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010”, Pub. Law 111-312, and enacted in New Jersey as P.L.2011, c.51, which permits laid-off workers in New Jersey to continue to receive extended unemployment benefits which are 100 percent federally funded.
- The continuation of extended unemployment benefits under this bill will incur no costs to New Jersey’s UI trust fund or employers in the State, because the legislation ties any reliance on a three year look-back to the continuation of 100 percent federal funding of the benefits. Under the federal act, both the 100 percent federal funding and the greater availability of Extended Benefits (EB) under the trigger option, as implemented by this bill, expire simultaneously.

**BILL DESCRIPTION**

Senate Bill No. 3186 of 2012 continues an option made available by federal legislation, the “Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010”, Pub. Law 111-312, and enacted in New Jersey as P.L.2011, c.51, which permits laid-off workers in New Jersey to continue to receive extended unemployment benefits which are 100 percent federally funded.



P.L.2011, c.51 amended the State's "Extended Benefits Law" to match the federally expanded look-back period for qualification for extended unemployment benefits until December 31, 2011. However, on December 23, 2011, the "Temporary Payroll Tax Cut Continuation Act of 2011" (Public Law 112-78) was enacted which extended the federal expansion for two additional months until February 29, 2012.

Prior to the enactment of P.L.2011, c.51, the State's "Extended Benefits Law," sections 5 through 11 of P.L.1970, c.324 (C.43:21-24.11 et seq.), provided that "EB" are triggered "on" if the total unemployment rate in the State for the most recent three-month period for which data is available:

1. Equals or exceeds 110 percent of the average unemployment rate in the State during either or both of the corresponding three-month periods ending in the two preceding calendar years; and
2. Equals or exceeds 6.5 percent, in which case 13 weeks of EB will be provided, or equals or exceeds 8 percent, in which case 20 weeks of EB will be provided.

The State unemployment rate remained high enough during 2011 to meet the second requirement to trigger "on" EB. However, the first requirement to trigger "on" EB, that the unemployment rate be at least 10 percent higher than the corresponding period in either of the two preceding years, was not sustained through 2011. In response to this concern in 2011, the federal "Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010", Pub. Law 111-312, was passed to trigger "on" EB if the State unemployment rate in the most recent three-month period equals or exceeds 110 percent of the unemployment rate during any one of the corresponding periods ending in any of the three preceding calendar years. However, the elongated look-back period was only effective until December 31, 2011; after that date the federal legislation reverted to a two year look-back. However, on December 23, 2011, the "Temporary Payroll Tax Cut Continuation Act of 2011" (Public Law 112-78) was enacted to extend the three year look-back until February 29, 2012.

This bill extends the three year look-back until the time when the 100 percent federal funding of extended benefits ends. Therefore, if Congress acted to extend the provision permitting states to use a three year look-back, New Jersey would continue to provide extended benefits to its citizens until such time as either the three year look-back expires or the 100 percent federal funding ends.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The continuation of extended unemployment benefits pursuant to this bill will incur no costs to New Jersey's UI trust fund or employers in the State, because the legislation ties any reliance on a three year look-back to the continuation of 100 percent federal funding of the benefits. Under the federal act, both the 100 percent federal funding and the greater availability of EB under the trigger option, as implemented by this bill, expire simultaneously.

S3186

3

*Section: Commerce, Labor and Industry*

*Analyst: Robin C. Ford*  
Senior Fiscal Analyst

*Approved: David J. Rosen*  
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# ASSEMBLY, No. 4437

## STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED JANUARY 5, 2012

**Sponsored by:**

**Assemblyman JOSEPH V. EGAN**  
**District 17 (Middlesex and Somerset)**  
**Assemblyman TROY SINGLETON**  
**District 7 (Burlington and Camden)**

**SYNOPSIS**

Changes trigger for certain extended unemployment benefits.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 1/10/2012)

1 AN ACT concerning extended unemployment benefits and amending  
2 P.L.1970, c.324.

3

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

6

7 1. Section 5 of P.L.1970, c.324 (C.43:21-24.11) is amended to  
8 read as follows:

9 5. For the purposes of the extended benefit program and as  
10 used in this act, unless the context clearly requires otherwise:

11 a. "Extended benefit period" means a period which

12 (1) Begins with the third week after a week for which there is a  
13 state "on" indicator; and

14 (2) Ends with either of the following weeks, whichever occurs  
15 later:

16 (a) The third week after the first week for which there is a state  
17 "off" indicator; or

18 (b) The thirteenth consecutive week of such period; provided,  
19 that no extended benefit period may begin by reason of a state "on"  
20 indicator before the fourteenth week after the close of a prior  
21 extended benefit period which was in effect with respect to this  
22 State; and provided further, that no extended benefit period may  
23 become effective in this State prior to the effective date of this act.

24 b. (Deleted by amendment.)

25 c. (Deleted by amendment.)

26 d. There is a "state 'on' indicator" for this State for a week if:

27 (1) The division determines, in accordance with the regulations  
28 of the United States Secretary of Labor, that for the period  
29 consisting of the respective week and the immediately preceding 12  
30 weeks, the rate of insured unemployment (not seasonally adjusted)  
31 under the "unemployment compensation law" (R.S.43:21-1 et seq.):

32 (a) Equaled or exceeded 120% of the average of these rates for  
33 the corresponding 13-week period during each of the preceding 2  
34 calendar years, and, for weeks beginning after September 25, 1982,  
35 equaled or exceeded 5%; or

36 (b) With respect to benefits for weeks of unemployment  
37 beginning after September 25, 1982, equaled or exceeded 6%; or

38 (2) With respect to any week of unemployment beginning after  
39 December 27, 2003 **[and before April 1, 2011 or after December**  
40 **31, 2011]** , except for any week of unemployment which occurs  
41 during the time period referenced in paragraph (3) of this subsection  
42 d., the average seasonally adjusted rate of total unemployment in  
43 the State, as determined by the United States Secretary of Labor for  
44 the most recent three-month period for which data for all states are  
45 published:

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

**Matter underlined thus is new matter.**

1 (a) Equals or exceeds 6.5%; and

2 (b) Equals or exceeds 110% of the average seasonally adjusted  
3 rate of total unemployment in the State during either or both of the  
4 corresponding three-month periods ending in the two preceding  
5 calendar years; or

6 (3) With respect to any week of unemployment beginning after  
7 March 31, 2011 and ending **【before January 1, 2012】** on or before  
8 the earlier of the latest date permitted under federal law or the end  
9 of the fourth week prior to the last week for which federal sharing is  
10 provided, as authorized by section 2005(a) of Pub.L. 111-5, the  
11 average seasonally adjusted rate of total unemployment in the State,  
12 as determined by the United States Secretary of Labor for the most  
13 recent three-month period for which data for all states are  
14 published:

15 (a) Equals or exceeds 6.5%; and

16 (b) Equals or exceeds 110% of the average seasonally adjusted  
17 rate of total unemployment in the State during any one of the  
18 corresponding three-month periods ending in the three preceding  
19 calendar years.

20 e. There is a "state 'off' indicator" for this State for a week if:

21 (1) The division determines, in accordance with the regulations  
22 of the United States Secretary of Labor, that for the period  
23 consisting of the respective week and the immediately preceding 12  
24 weeks, paragraph (1) of subsection d. was not satisfied; and

25 (2) With respect to any week of unemployment beginning after  
26 December 27, 2003 and before April 1, 2011 or after **【December**  
27 **31, 2011】** the earlier of the latest date permitted under federal law  
28 or the end of the fourth week prior to the last week for which  
29 federal sharing is provided, as authorized by section 2005(a) of  
30 Pub.L. 111-5, as determined by the United States Secretary of  
31 Labor for the most recent three-month period for which data for all  
32 states are published, paragraph (2) of subsection d. was not  
33 satisfied.

34 f. "Rate of insured unemployment," for purposes of  
35 subsections d. and e. means the percentage derived by dividing

36 (1) The average weekly number of individuals filing claims for  
37 regular benefits in this State for weeks of unemployment with  
38 respect to the most recent 13-consecutive-week period, as  
39 determined by the division on the basis of its reports to the United  
40 States Secretary of Labor, by

41 (2) The average monthly covered employment for the specified  
42 period.

43 g. "Regular benefits" means benefits payable to an individual  
44 under the "unemployment compensation law" (R.S.43:21-1 et seq.)  
45 or under any other State law (including benefits payable to federal  
46 civilian employees and to ex-servicemen pursuant to 5 U.S.C.  
47 s.8501 et seq.) other than extended benefits.

1 h. "Extended benefits" means benefits (including benefits  
2 payable to federal civilian employees and to ex-servicemen  
3 pursuant to 5 U.S.C. s.8501 et seq.) payable to an individual under  
4 the provisions of this act for weeks of unemployment in his  
5 eligibility period.

6 i. "Eligibility period" of an individual means the period  
7 consisting of the weeks in his benefit year which begin in an  
8 extended benefit period and, if his benefit year ends within the  
9 extended benefit period, any weeks thereafter which begin in the  
10 period.

11 j. "Exhaustee" means an individual who, with respect to any  
12 week of unemployment in his eligibility period:

13 (1) Has received prior to the week, all of the regular benefits  
14 that were available to him under the "unemployment compensation  
15 law" (R.S. 43:21-1 et seq.) or any other State law (including  
16 dependents' allowances and benefits payable to federal civilian  
17 employees and ex-servicemen under 5 U.S.C. s.8501 et seq.) in his  
18 current benefit year that includes such week, provided, that for the  
19 purposes of this paragraph, an individual shall be deemed to have  
20 received all of the regular benefits that were available to him,  
21 although as a result of a pending appeal with respect to wages  
22 and/or employment that were not considered in the original  
23 monetary determination in his benefit year, he may subsequently be  
24 determined to be entitled to added regular benefits; or

25 (2) His benefit year having expired prior to such week, has no,  
26 or insufficient, wages and/or employment on the basis of which he  
27 could establish a new benefit year that would include such week;  
28 and

29 (3) (a) has no right to unemployment benefits or allowances, as  
30 the case may be, under the Railroad Unemployment Insurance Act,  
31 the Trade Expansion Act of 1962, the Automotive Products Trade  
32 Act of 1965 and such other federal laws as are specified in  
33 regulations issued by the United States Secretary of Labor; and

34 (b) has not received and is not seeking unemployment benefits  
35 under the Unemployment Compensation Law of Canada; but if he is  
36 seeking these benefits and the appropriate agency finally determines  
37 that he is not entitled to benefits under that law he is considered an  
38 exhaustee if the other provisions of this definition are met.

39 k. "State law" means the unemployment insurance law of any  
40 state approved by the United States Secretary of Labor under  
41 section 3304 of the Internal Revenue Code of 1986, 26 U.S.C.  
42 s.3304.

43 l. "High unemployment period" means:

44 (1) Any period beginning after December 27, 2003 [and before  
45 April 1, 2011 or after December 31, 2011] , except for any week of  
46 unemployment which occurs during the time period referenced in  
47 paragraph (2) of this subsection l., during which the average  
48 seasonally adjusted rate of total unemployment in the State, as

1 determined by the United States Secretary of Labor for the most  
2 recent three-month period for which data for all states are  
3 published:

4 (a) Equals or exceeds 8%; and

5 (b) Equals or exceeds 110% of the average seasonally adjusted  
6 rate of total unemployment in the State during either or both of the  
7 corresponding three-month periods ending in the two preceding  
8 calendar years: or

9 (2) Any period beginning after March 31, 2011, and ending  
10 before January 1, 2012 the earlier of the latest date permitted  
11 under federal law or the end of the fourth week prior to the last  
12 week for which federal sharing is provided, as authorized by section  
13 2005(a) of Pub.L. 111-5, during which the average seasonally  
14 adjusted rate of total unemployment in the State, as determined by  
15 the United States Secretary of Labor for the most recent three-  
16 month period for which data for all states are published:

17 (a) Equals or exceeds 8%; and

18 (b) Equals or exceeds 110% of the average seasonally adjusted  
19 rate of total unemployment in the State during any one of the  
20 corresponding three-month periods ending in the three preceding  
21 calendar years.

22 (cf: P.L.2011, c.51, s.1)

23

24 2. This act shall take effect immediately and shall be  
25 retroactive to December 3, 2011.

26

27

28

#### STATEMENT

29

30 This bill continues an option first made available by federal  
31 legislation, the “Tax Relief, Unemployment Insurance  
32 Reauthorization, and Job Creation Act of 2010,” Pub.L. 111-312,  
33 and enacted in New Jersey as P.L.2011, c.51, which permitted laid-  
34 off workers in New Jersey to continue to receive extended  
35 unemployment benefits which are 100 percent federally funded.

36 P.L.2011, c.51 amended the State’s “Extended Benefits Law” to  
37 match the federally expanded look-back period for qualification for  
38 extended unemployment benefits until December 31, 2011.  
39 However, on December 23, 2011, the “Temporary Payroll Tax Cut  
40 Continuation Act of 2011,” Pub.L. 112-78, was enacted, further  
41 extending the federal expansion for two additional months, until  
42 February 29, 2012.

43 Prior to the enactment of P.L.2011, c.51, the State’s “Extended  
44 Benefits Law,” sections 5 through 11 of P.L.1970, c.324 (C.43:21-  
45 24.11 et seq.), provided that extended benefits (“EB”) are triggered  
46 “on” if the total unemployment rate in the State for the most recent  
47 three-month period for which data is available:

1       1. Equals or exceeds 110% of the average unemployment rate  
2 in the State during either or both of the corresponding three-month  
3 periods ending in the two preceding calendar years; and

4       2. Equals or exceeds 6.5%, in which case 13 weeks of EB will  
5 be provided, or equals or exceeds 8%, in which case 20 weeks of  
6 EB will be provided.

7       The State unemployment rate remained high enough during 2011  
8 to meet the second requirement to trigger “on” EB. However, the  
9 first requirement to trigger “on” EB, that the unemployment rate be  
10 at least 10% higher than the corresponding period in either of the  
11 **two** preceding years, was not sustained through 2011. In response to  
12 this concern, the federal “Tax Relief, Unemployment Insurance  
13 Reauthorization, and Job Creation Act of 2010,” Pub.L. 111-312,  
14 was passed to trigger “on” EB if the State unemployment rate in the  
15 most recent three-month period equals or exceeds 110 percent of the  
16 unemployment rate during any one of the corresponding periods  
17 ending in any of the **three** preceding calendar years. However, the  
18 elongated look-back period was only effective until December 31,  
19 2011; after that date the federal legislation reverted to a two year  
20 look-back. However, on December 23, 2011, the “Temporary  
21 Payroll Tax Cut Continuation Act of 2011,” Pub.L. 112-78, was  
22 enacted, extending the three year look-back until February 29,  
23 2012.

24       This bill extends the three year look-back until the time when the  
25 100 percent federal funding of extended benefits ends. Therefore, if  
26 Congress further extends the provision permitting states to use a  
27 three year look-back, New Jersey would continue to provide  
28 extended benefits to its citizens until such time as either the three  
29 year look-back expires or the 100 percent federal funding ends.

30       The continuation of EB under this bill will incur no costs to New  
31 Jersey’s UI fund or employers in the State, because the legislation  
32 ties any reliance on a three year look-back to the continuation of  
33 100 percent federal funding of the benefits. Under the federal act,  
34 both the 100 percent federal funding and the greater availability of  
35 EB under the trigger option, as implemented by this bill, expire  
36 simultaneously.



# ASSEMBLY LABOR COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 4437

# STATE OF NEW JERSEY

DATED: JANUARY 5, 2012

The Assembly Labor Committee reports favorably Assembly Bill No. 4437.

This bill continues an option first made available by federal legislation, the “Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010,” Pub.L. 111-312, and enacted in New Jersey as P.L.2011, c.51, which permitted laid-off workers in New Jersey to continue to receive extended unemployment benefits which are 100 percent federally funded.

P.L.2011, c.51 amended the State’s “Extended Benefits Law” to match the federally expanded look-back period for qualification for extended unemployment benefits until December 31, 2011. However, on December 23, 2011, the “Temporary Payroll Tax Cut Continuation Act of 2011,” Pub.L. 112-78, was enacted, further extending the federal expansion for two additional months, until February 29, 2012.

Prior to the enactment of P.L.2011, c.51, the State’s “Extended Benefits Law,” sections 5 through 11 of P.L.1970, c.324 (C.43:21-24.11 et seq.), provided that extended benefits (“EB”) are triggered “on” if the total unemployment rate in the State for the most recent three-month period for which data is available:

1. Equals or exceeds 110% of the average unemployment rate in the State during either or both of the corresponding three-month periods ending in the two preceding calendar years; and
2. Equals or exceeds 6.5%, in which case 13 weeks of EB will be provided, or equals or exceeds 8%, in which case 20 weeks of EB will be provided.

The State unemployment rate remained high enough during 2011 to meet the second requirement to trigger “on” EB. However, the first requirement to trigger “on” EB, that the unemployment rate be at least 10% higher than the corresponding period in either of the **two** preceding years, was not sustained through 2011. In response to this concern, the federal “Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010,” Pub.L. 111-312, was passed to trigger “on” EB if the State unemployment rate in the most recent three-month period equals or exceeds 110 percent of the unemployment rate during any one of the corresponding periods ending in any of the **three** preceding calendar years. However, the elongated look-back period was only effective until December 31,

2011; after that date the federal legislation reverted to a two year look-back. However, on December 23, 2011, the “Temporary Payroll Tax Cut Continuation Act of 2011,” Pub.L. 112-78, was enacted, extending the three year look-back until February 29, 2012.

This bill extends the three year look-back until the time when the 100 percent federal funding of extended benefits ends. Therefore, if Congress further extends the provision permitting states to use a three year look-back, New Jersey would continue to provide extended benefits to its citizens until such time as either the three year look-back expires or the 100 percent federal funding ends.

#### FISCAL IMPACT

The continuation of EB under this bill will incur no costs to New Jersey’s UI fund or employers in the State, because the legislation ties any reliance on a three year look-back to the continuation of 100 percent federal funding of the benefits. Under the federal act, both the 100 percent federal funding and the greater availability of EB under the trigger option, as implemented by this bill, expire simultaneously.

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY, No. 4437**  
**STATE OF NEW JERSEY**  
**214th LEGISLATURE**

DATED: JANUARY 13, 2012

**SUMMARY**

**Synopsis:** Changes trigger for certain extended unemployment benefits

**Type of Impact:** Expenditure increase and matching revenue increase, Unemployment Insurance Compensation Trust Fund (UI trust fund).

**Agencies Affected:** Department of Labor and Workforce Development

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>
<b>UI Trust Fund</b>	Indeterminate, but will be 100% funded by the federal government
<b>Cost and Revenue</b>	

- Assembly Bill No. 4437 of 2012 continues an option made available by federal legislation, the “Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010”, Pub. Law 111-312, and enacted in New Jersey as P.L.2011, c.51, which permits laid-off workers in New Jersey to continue to receive extended unemployment benefits which are 100 percent federally funded.
- The continuation of extended unemployment benefits under this bill will incur no costs to New Jersey’s UI trust fund or employers in the State, because the legislation ties any reliance on a three year look-back to the continuation of 100 percent federal funding of the benefits. Under the federal act, both the 100 percent federal funding and the greater availability of Extended Benefits (EB) under the trigger option, as implemented by this bill, expire simultaneously.

**BILL DESCRIPTION**

Assembly Bill No. 4437 of 2012 continues an option made available by federal legislation, the “Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010”, Pub. Law 111-312, and enacted in New Jersey as P.L.2011, c.51, which permits laid-off workers in New Jersey to continue to receive extended unemployment benefits which are 100 percent federally funded.

P.L.2011, c.51 amended the State's "Extended Benefits Law" to match the federally expanded look-back period for qualification for extended unemployment benefits until December 31, 2011. However, on December 23, 2011, the "Temporary Payroll Tax Cut Continuation Act of 2011" (Public Law 112-78) was enacted which extended the federal expansion for two additional months until February 29, 2012.

Prior to the enactment of P.L.2011, c.51, the State's "Extended Benefits Law," sections 5 through 11 of P.L.1970, c.324 (C.43:21-24.11 et seq.), provided that "EB" are triggered "on" if the total unemployment rate in the State for the most recent three-month period for which data is available:

1. Equals or exceeds 110 percent of the average unemployment rate in the State during either or both of the corresponding three-month periods ending in the two preceding calendar years; and
2. Equals or exceeds 6.5 percent, in which case 13 weeks of EB will be provided, or equals or exceeds 8 percent, in which case 20 weeks of EB will be provided.

The State unemployment rate remained high enough during 2011 to meet the second requirement to trigger "on" EB. However, the first requirement to trigger "on" EB, that the unemployment rate be at least 10 percent higher than the corresponding period in either of the two preceding years, was not sustained through 2011. In response to this concern in 2011, the federal "Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010", Pub. Law 111-312, was passed to trigger "on" EB if the State unemployment rate in the most recent three-month period equals or exceeds 110 percent of the unemployment rate during any one of the corresponding periods ending in any of the three preceding calendar years. However, the elongated look-back period was only effective until December 31, 2011; after that date the federal legislation reverted to a two year look-back. However, on December 23, 2011, the "Temporary Payroll Tax Cut Continuation Act of 2011" (Public Law 112-78) was enacted to extend the three year look-back until February 29, 2012.

This bill extends the three year look-back until the time when the 100 percent federal funding of extended benefits ends. Therefore, if Congress acted to extend the provision permitting states to use a three year look-back, New Jersey would continue to provide extended benefits to its citizens until such time as either the three year look-back expires or the 100 percent federal funding ends.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The continuation of extended unemployment benefits pursuant to this bill will incur no costs to New Jersey's UI trust fund or employers in the State, because the legislation ties any reliance on a three year look-back to the continuation of 100 percent federal funding of the benefits. Under the federal act, both the 100 percent federal funding and the greater availability of EB under the trigger option, as implemented by this bill, expire simultaneously.

A4437

3

*Section: Commerce, Labor and Industry*

*Analyst: Robin C. Ford*  
Senior Fiscal Analyst

*Approved: David J. Rosen*  
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).