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LAW/KR

P.L.2013, CHAPTER 75, *approved June 28, 2013*

Senate, No. 2404

1 AN ACT concerning unemployment compensation contributions
2 paid by certain employers and amending R.S.43:21-7.

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

6
7 1. R.S.43:21-7 is amended to read as follows:
8 Contributions.

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

20 (a) Payment.

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

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

33 (b) Rate of contributions. Each employer shall pay the following
34 contributions:

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

39 (2) The "wages" of any individual, with respect to any one
40 employer, as the term is used in this subsection (b) and in
41 subsections (c), (d) and (e) of this section 7, shall include the first
42 \$4,800.00 paid during calendar year 1975, for services performed

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

17 (3) For calendar years beginning on and after January 1, 1976,
18 the "wages" of any individual, as defined in the preceding
19 paragraph (2) of this subsection (b), shall be established and
20 promulgated by the Commissioner of Labor and Workforce
21 Development on or before September 1 of the preceding year and
22 shall be, 28 times the Statewide average weekly remuneration paid
23 to workers by employers, as determined under R.S.43:21-3(c),
24 raised to the next higher multiple of \$100.00 if not already a
25 multiple thereof, provided that if the amount of wages so
26 determined for a calendar year is less than the amount similarly
27 determined for the preceding year, the greater amount will be used;
28 provided, further, that if the amount of such wages so determined
29 does not equal or exceed the amount of wages as defined in
30 subsection (b) of section 3306 of the Internal Revenue Code of
31 1986 (26 U.S.C. s.3306(b)), the wages as determined in this
32 paragraph in any calendar year shall be raised to equal the amount
33 established under the "Federal Unemployment Tax Act," chapter 23
34 of the Internal Revenue Code of 1986 (26 U.S.C. s.3301 et seq.), for
35 that calendar year.

36 (c) Future rates based on benefit experience.

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

1 individuals. Benefits paid with respect to benefit years commencing
2 on and after January 1, 1953, to any individual on or before
3 December 31 of any calendar year with respect to unemployment in
4 such calendar year and in preceding calendar years shall be charged
5 against the account or accounts of the employer or employers in
6 whose employment such individual established base weeks
7 constituting the basis of such benefits, except that, with respect to
8 benefit years commencing after January 4, 1998, an employer's
9 account shall not be charged for benefits paid to a claimant if the
10 claimant's employment by that employer was ended in any way
11 which, pursuant to subsection (a), (b), (c), (f), (g) or (h) of
12 R.S.43:21-5, would have disqualified the claimant for benefits if the
13 claimant had applied for benefits at the time when that employment
14 ended. Benefits paid under a given benefit determination shall be
15 charged against the account of the employer to whom such
16 determination relates. When each benefit payment is made,
17 notification shall be promptly provided to each employer included
18 in the unemployment insurance monetary calculation of benefits.
19 Such notification shall identify the employer against whose account
20 the amount of such payment is being charged, shall show at least
21 the name and social security account number of the claimant and
22 shall specify the period of unemployment to which said benefit
23 payment applies.

24 An annual summary statement of unemployment benefits
25 charged to the employer's account shall be provided.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31 (C) Specially assigned rates.

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

36 if the reserve balance in its account is positive, its assigned rate
37 shall be the highest rate in effect for positive balance accounts for
38 that period, or 5.4%, whichever is higher, and

39 if the reserve balance in its account is negative, its assigned rate
40 shall be the highest rate in effect for deficit accounts for that period.

41 (ii) If, following the purchase of a corporation with little or no
42 activity, known as a corporate shell, the resulting employing unit
43 operates a new or different business activity, the employing unit
44 shall be assigned a new employer rate.

45 (iii) Entities operating under common ownership, management or
46 control, when the operation of the entities is not identifiable,
47 distinguishable and severable, shall be considered a single employer
48 for the purposes of this chapter (R.S.43:21-1 et seq.).

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

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

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

43 (B) If on March 31 of any calendar year the balance in the
44 unemployment trust fund equals or exceeds 10% but is less than $12\frac{1}{2}\%$
45 of the total taxable wages reported to the controller as of that
46 date in respect to employment during the preceding calendar year,
47 the contribution rate, effective July 1 following, of each employer
48 eligible for a contribution rate calculation based upon benefit

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

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

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

31 (E) (i) (Deleted by amendment, P.L.1997, c.263).

32 (ii) (Deleted by amendment, P.L.2001, c.152).

33 (iii) (Deleted by amendment, P.L.2003, c.107).

34 (iv) (Deleted by amendment, P.L.2004, c.45).

35 (v) (Deleted by amendment, P.L.2008, c.17).

36 (vi) [With respect to experience rating years beginning on or
 37 after July 1, 2004, and before July 1, 2011, the new employer rate
 38 or the unemployment experience rate of an employer under this
 39 section 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,
 42 as defined in paragraph (4) of this subsection (R.S.43:21-7 (c)(4)),
 43 as set forth in the following table:

44 EXPERIENCE RATING TAX TABLE

45		Fund Reserve Ratio ¹				
46		1.40%	1.00%	0.75%	0.50%	0.49%
47	Employer	and	to	to	to	and
48	Reserve	Over	1.39%	0.99%	0.74%	Under

1	Ratio ²	A	B	C	D	E
2	Positive Reserve Ratio:					
3	17% and over	0.3	0.4	0.5	0.6	1.2
4	16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
5	15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
6	14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
7	13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
8	12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
9	11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
10	10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
11	9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
12	8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
13	7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
14	6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
15	5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
16	4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
17	3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
18	2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
19	1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
20	0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
21	Deficit Reserve Ratio:					
22	-0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
23	-3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
24	-6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
25	-9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4
26	-12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5
27	-15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6
28	-20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7
29	-25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8
30	-30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9
31	-35.00% and under	5.4	5.4	5.8	6.4	7.0
32	New Employer Rate	2.8	2.8	2.8	3.1	3.4

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

35 ²Employer Reserve Ratio (Contributions minus benefits as a
36 percentage of employer's taxable wages) **】** (Deleted by amendment,
37 P.L. , c.) (pending before the Legislature as this bill).

38 (vii) With respect to experience rating years beginning on or
39 after July 1, 2011, the new employer rate or the unemployment
40 experience rate of an employer under this section shall be the rate
41 which appears in the column headed by the Unemployment Trust
42 Fund Reserve Ratio as of the applicable calculation date and on the
43 line with the Employer Reserve Ratio, as defined in paragraph (4)
44 of this subsection (R.S.43:21-7 (c)(4)), as set forth in the following
45 table:

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1	EXPERIENCE RATING TAX TABLE					
2	Fund Reserve Ratio ¹					
3	3.50%	3.00%	2.5%	2.0%	1.99%	
4	and	to	to	to	and	
5	Over	3.49%	2.99%	2.49%	Under	
6	Ratio ²	A	B	C	D	E
7	Positive Reserve Ratio:					
8	17% and over	0.3	0.4	0.5	0.6	1.2
9	16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
10	15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
11	14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
12	13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
13	12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
14	11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
15	10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
16	9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
17	8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
18	7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
19	6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
20	5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
21	4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
22	3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
23	2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
24	1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
25	0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
26	Deficit Reserve Ratio:					
27	-0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
28	-3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
29	-6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
30	-9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4
31	-12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5
32	-15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6
33	-20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7
34	-25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8
35	-30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9
36	-35.00% and under	5.4	5.4	5.8	6.4	7.0
37	New Employer Rate	2.8	2.8	2.8	3.1	3.4

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

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

42 (F) (i) (Deleted by amendment, P.L.1997, c.263).

43 (ii) (Deleted by amendment, P.L.2008, c.17).

44 (iii) **[**With respect to experience rating years beginning on or
 45 after July 1, 2004 and before July 1, 2011, if the fund reserve ratio,
 46 based on the fund balance as of the prior March 31, is less than
 47 0.50%, the contribution rate for each employer liable to pay
 48 contributions, as computed under subparagraph (E) of this

1 paragraph (5), shall be increased by a factor of 10% computed to
2 the nearest multiple of 1/10% if not already a multiple thereof]
3 (Deleted by amendment, P.L. _____, c. _____) (pending before the
4 Legislature as this bill).

5 (iv) With respect to experience rating years beginning on or after
6 July 1, 2011 and before July 1, 2013, if the fund reserve ratio, based
7 on the fund balance as of the prior March 31, is less than 1.0%, 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.

12 (v) With respect to experience rating years beginning on or after
13 July 1, 2014, if the fund reserve ratio, based on the fund balance as
14 of the prior March 31, is less than 1.0%, the contribution rate for
15 each employer liable to pay contributions, as computed under
16 subparagraph (E) of this paragraph (5), shall be increased by a
17 factor of 10% computed to the nearest multiple of 1/10% if not
18 already a multiple thereof.

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

30 (H) On and after January 1, 1998 until December 31, 2000 and
31 on or after January 1, 2002 until June 30, 2006, the contribution rate
32 for each employer liable to pay contributions, as computed under
33 subparagraph (E) of this paragraph (5), shall be decreased by a
34 factor, as set out below, computed to the nearest multiple of 1/10%,
35 except that, if an employer has a deficit reserve ratio of negative
36 35.0% or under, the employer's rate of contribution shall not be
37 reduced pursuant to this subparagraph (H) to less than 5.4%:

38 From January 1, 1998 until December 31, 1998, a factor of 12%;
39 From January 1, 1999 until December 31, 1999, a factor of 10%;
40 From January 1, 2000 until December 31, 2000, a factor of 7%;
41 From January 1, 2002 until March 31, 2002, a factor of 36%;
42 From April 1, 2002 until June 30, 2002, a factor of 85%;
43 From July 1, 2002 until June 30, 2003, a factor of 15%;
44 From July 1, 2003 until June 30, 2004, a factor of 15%;
45 From July 1, 2004 until June 30, 2005, a factor of 7%;
46 From July 1, 2005 until December 31, 2005, a factor of 16%; and
47 From January 1, 2006 until June 30, 2006, a factor of 34%.

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

9 (I) (Deleted by amendment, P.L.2008, c.17).

10 (J) On or after July 1, 2001, notwithstanding any other
11 provisions of this paragraph (5), the contribution rate for each
12 employer liable to pay contributions, as computed under
13 subparagraph (E) of this paragraph (5), shall be decreased by
14 0.0175%, except that, during any experience rating year starting on
15 or after July 1, 2001, in which the fund reserve ratio is equal to or
16 greater than 3.5%, there shall be no decrease pursuant to this
17 subparagraph (J) in the contribution of any employer who has a
18 deficit reserve ratio of negative 35.00% or under. The amount of the
19 reduction in the employer contributions stipulated by this
20 subparagraph (J) shall be in addition to the amount of the reduction
21 in the employer contributions stipulated by subparagraphs (G) and
22 (H) of this paragraph (5), except that the rate of contribution of an
23 employer who has a deficit reserve ratio of negative 35.0% or under
24 shall not be reduced pursuant to this subparagraph (J) to less than
25 5.4% and the rate of contribution of any other employer shall not be
26 reduced to less than 0.0%.

27 (K) With respect to experience rating years beginning on or after
28 July 1, 2009, if the fund reserve ratio, based on the fund balance as
29 of the prior March 31, is:

30 (i) Equal to or greater than 5.00% but less than 7.5%, the
31 contribution rate for each employer liable to pay contributions, as
32 computed under subparagraph (E) of this paragraph (5), shall be
33 reduced by a factor of 25% computed to the nearest multiple of
34 1/10% if not already a multiple thereof except that there shall be no
35 decrease pursuant to this subparagraph (K) in the contribution of
36 any employer who has a deficit reserve ratio of 35.00% or under;

37 (ii) Equal to or greater than 7.5%, the contribution rate for each
38 employer liable to pay contributions, as computed under
39 subparagraph (E) of this paragraph (5), shall be reduced by a factor
40 of 50% computed to the nearest multiple of 1/10% if not already a
41 multiple thereof except that there shall be no decrease pursuant to
42 this subparagraph (K) in the contribution of any employer who has
43 a deficit reserve ratio of 35.00% or under.

44 (L) Notwithstanding any other provision of this paragraph (5)
45 and notwithstanding the actual fund reserve ratio, the contribution
46 rate for employers liable to pay contributions, as computed under
47 subparagraph (E) of this paragraph (5), shall be, for fiscal year
48 2011, the rates set by column "C" of the table in that subparagraph.

1 (M) Notwithstanding any other provision of this paragraph (5)
2 and notwithstanding the actual fund reserve ratio, the contribution
3 rate for employers liable to pay contributions, as computed under
4 subparagraph (E) of this paragraph (5), shall be, for fiscal year
5 2012, the rates set by column "D" of the table in that subparagraph.

6 (N) Notwithstanding any other provision of this paragraph (5)
7 and notwithstanding the actual fund reserve ratio, the contribution
8 rate for employers liable to pay contributions, as computed under
9 subparagraph (E) of this paragraph (5), shall be, for fiscal year
10 2013, the rates set by column "E" of the table in that subparagraph.

11 (6) Additional contributions.

12 Notwithstanding any other provision of law, any employer who
13 has been assigned a contribution rate pursuant to subsection (c) of
14 this section for the year commencing July 1, 1948, and for any year
15 commencing July 1 thereafter, may voluntarily make payment of
16 additional contributions, and upon such payment shall receive a
17 recomputation of the experience rate applicable to such employer,
18 including in the calculation the additional contribution so made,
19 except that, following a transfer as described under R.S.43:21-
20 7(c)(7)(D), neither the predecessor nor successor in interest shall be
21 eligible to make a voluntary payment of additional contributions
22 during the year the transfer occurs and the next full calendar year.
23 Any such additional contribution shall be made during the 30-day
24 period following the notification to the employer of his contribution
25 rate as prescribed in this section, unless, for good cause, the time
26 for payment has been extended by the controller for not to exceed
27 an additional 60 days; provided that in no event may such payments
28 which are made later than 120 days after the beginning of the year
29 for which such rates are effective be considered in determining the
30 experience rate for the year in which the payment is made. Any
31 employer receiving any extended period of time within which to
32 make such additional payment and failing to make such payment
33 timely shall be, in addition to the required amount of additional
34 payment, liable for a penalty of 5% thereof or \$5.00, whichever is
35 greater, not to exceed \$50.00. Any adjustment under this subsection
36 shall be made only in the form of credits against accrued or future
37 contributions.

38 (7) Transfers.

39 (A) Upon the transfer of the organization, trade or business, or
40 substantially all the assets of an employer to a successor in interest,
41 whether by merger, consolidation, sale, transfer, descent or
42 otherwise, the controller shall transfer the employment experience
43 of the predecessor employer to the successor in interest, including
44 credit for past years, contributions paid, annual payrolls, benefit
45 charges, et cetera, applicable to such predecessor employer,
46 pursuant to regulation, if it is determined that the employment
47 experience of the predecessor employer with respect to the
48 organization, trade, assets or business which has been transferred

1 may be considered indicative of the future employment experience
2 of the successor in interest. The successor in interest may, within
3 four months of the date of such transfer of the organization, trade,
4 assets or business, or thereafter upon good cause shown, request a
5 reconsideration of the transfer of employment experience of the
6 predecessor employer. The request for reconsideration shall
7 demonstrate, to the satisfaction of the controller, that the
8 employment experience of the predecessor is not indicative of the
9 future employment experience of the successor.

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

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

38 (D) If an employer transfers in whole or in part his or its
39 organization, trade, assets or business to a successor in interest,
40 whether by merger, consolidation, sale, transfer, descent or
41 otherwise and both the employer and successor in interest are at the
42 time of the transfer under common ownership, management or
43 control, then the employment experience attributable to the
44 transferred business shall also be transferred to and combined with
45 the employment experience of the successor in interest. The transfer
46 of the employment experience is mandatory and not subject to
47 appeal or protest.

1 (E) The transfer of part of an employer's employment experience
2 to a successor in interest shall become effective as of the first day of
3 the calendar quarter following the acquisition by the successor in
4 interest. As of the effective date, the successor in interest shall have
5 its employer rate recalculated by merging its existing employment
6 experience, if any, with the employment experience acquired. If the
7 successor in interest is not an employer as of the date of acquisition,
8 it shall be assigned the new employer rate until the effective date of
9 the transfer of employment experience.

10 (F) Upon the transfer in whole or in part of the organization,
11 trade, assets or business to a successor in interest, the employment
12 experience shall not be transferred if the successor in interest is not
13 an employer at the time of the acquisition and the controller finds
14 that the successor in interest acquired the business solely or
15 primarily for the purpose of obtaining a lower rate of contributions.

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

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

32 (B) Effective January 1, 1978 there shall be no contributions by
33 workers in the employ of any governmental or nongovernmental
34 employer electing or required to make payments in lieu of
35 contributions unless the employer is covered by the State plan under
36 the "Temporary Disability Benefits Law" (C.43:21-25 et al.), and in
37 that case contributions shall be at the rate of 1/2 of 1%, except that
38 commencing July 1, 1986, workers in the employ of any
39 nongovernmental employer electing or required to make payments
40 in lieu of contributions shall be required to make contributions to
41 the fund at the same rate prescribed for workers of other
42 nongovernmental employers.

43 (C) (i) Notwithstanding the above provisions of this paragraph
44 (1), during the period starting July 1, 1986 and ending December
45 31, 1992, each worker shall contribute to the fund 1.125% of wages
46 paid with respect to his employment with a governmental employer
47 electing or required to pay contributions or nongovernmental
48 employer, including a nonprofit organization which is an employer

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

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

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

1 Each worker shall, starting on January 1, 1996 and ending March
2 31, 1996, contribute to the unemployment compensation fund
3 0.60% of wages paid with respect to the worker's employment with
4 a governmental employer electing or required to pay contributions
5 or nongovernmental employer, including a nonprofit organization
6 which is an employer as defined under paragraph (6) of subsection
7 (h) of R.S.43:21-19, regardless of whether that nonprofit
8 organization elects or is required to finance its benefit costs with
9 contributions to the fund or by payments in lieu of contributions,
10 after that employer has satisfied the conditions set forth in
11 subsection (h) of R.S.43:21-19 with respect to becoming an
12 employer, provided that the contributions shall be at the rate of
13 0.10% of wages paid with respect to employment with the State of
14 New Jersey or any other governmental entity or instrumentality
15 electing or required to make payments in lieu of contributions.

16 Each worker shall, starting on January 1, 1998 and ending
17 December 31, 1998, contribute to the unemployment compensation
18 fund 0.10% of wages paid with respect to the worker's employment
19 with a governmental employer electing or required to pay
20 contributions or nongovernmental employer, including a nonprofit
21 organization which is an employer as defined under paragraph (6)
22 of subsection (h) of R.S.43:21-19, regardless of whether that
23 nonprofit organization elects or is required to finance its benefit
24 costs with contributions to the fund or by payments in lieu of
25 contributions, after that employer has satisfied the conditions set
26 forth in subsection (h) of R.S.43:21-19 with respect to becoming an
27 employer, provided that the contributions shall be at the rate of
28 0.10% of wages paid with respect to employment with the State of
29 New Jersey or any other governmental entity or instrumentality
30 electing or required to make payments in lieu of contributions.

31 Each worker shall, starting on January 1, 1999 until December
32 31, 1999, contribute to the unemployment compensation fund
33 0.15% of wages paid with respect to the worker's employment with
34 a governmental employer electing or required to pay contributions
35 or nongovernmental employer, including a nonprofit organization
36 which is an employer as defined under paragraph (6) of subsection
37 (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,
40 after that employer has satisfied the conditions set forth in
41 subsection (h) of R.S.43:21-19 with respect to becoming an
42 employer, provided that the contributions shall be at the rate of
43 0.10% of wages paid with respect to employment with the State of
44 New Jersey or any other governmental entity or instrumentality
45 electing or required to make payments in lieu of contributions.

46 Each worker shall, starting on January 1, 2000 until December
47 31, 2001, contribute to the unemployment compensation fund
48 0.20% of wages paid with respect to the worker's employment with

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

13 Each worker shall, starting on January 1, 2002 until June 30,
14 2004, contribute to the unemployment compensation fund 0.1825%
15 of wages paid with respect to the worker's employment with a
16 governmental employer electing or required to pay contributions or
17 a nongovernmental employer, including a nonprofit organization
18 which is an employer as defined under paragraph (6) of subsection
19 (h) of R.S.43:21-19, regardless of whether that nonprofit
20 organization elects or is required to finance its benefit costs with
21 contributions to the fund or by payments in lieu of contributions,
22 after that employer has satisfied the conditions set forth in
23 subsection (h) of R.S.43:21-19 with respect to becoming an
24 employer, provided that the contributions shall be at the rate of
25 0.0825% of wages paid with respect to employment with the State
26 of New Jersey or any other governmental entity or instrumentality
27 electing or required to make payments in lieu of contributions.

28 Each worker shall, starting on and after July 1, 2004, contribute
29 to the unemployment compensation fund 0.3825% of wages paid
30 with respect to the worker's employment with a governmental
31 employer electing or required to pay contributions or
32 nongovernmental employer, including a nonprofit organization
33 which is an employer as defined under paragraph (6) of subsection
34 (h) of R.S.43:21-19, regardless of whether that nonprofit
35 organization elects or is required to finance its benefit costs with
36 contributions to the fund or by payments in lieu of contributions,
37 after that employer has satisfied the conditions set forth in
38 subsection (h) of R.S.43:21-19 with respect to becoming an
39 employer, provided that the contributions shall be at the rate of
40 0.0825% of wages paid with respect to employment with the State
41 of New Jersey or any other governmental entity or instrumentality
42 electing or required to make payments in lieu of contributions.

43 (E) Each employer shall, notwithstanding any provision of law
44 in this State to the contrary, withhold in trust the amount of his
45 workers' contributions from their wages at the time such wages are
46 paid, shall show such deduction on his payroll records, shall furnish
47 such evidence thereof to his workers as the division or controller
48 may prescribe, and shall transmit all such contributions, in addition

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

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

12 (G) (i) Each worker shall, starting on July 1, 1994 and ending on
13 December 31, 2011, contribute to the State disability benefits fund
14 an amount equal to 0.50% of wages paid with respect to the
15 worker's employment with a government employer electing or
16 required to pay contributions to the State disability benefits fund or
17 nongovernmental employer, including a nonprofit organization
18 which is an employer as defined under paragraph (6) of subsection
19 (h) of R.S.43:21-19, unless the employer is covered by an approved
20 private disability plan or is exempt from the provisions of the
21 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25
22 et al.) under section 7 of that law (C.43:21-31) or any other
23 provision of that law. Each worker, with respect to the worker's
24 employment with a government employer electing or required to
25 pay contributions to the State disability benefits fund or
26 nongovernmental employer, including a nonprofit organization
27 which is an employer as defined under paragraph (6) of subsection
28 (h) of R.S.43:21-19, unless the employer is covered by an approved
29 private disability plan or is exempt from the provisions of the
30 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25
31 et al.) under section 7 of that law (C.43:21-31) or any other
32 provision of that law, shall, for calendar year 2012 and each
33 subsequent calendar year, make contributions to the State disability
34 benefits fund at the annual rate of contribution necessary to obtain a
35 total amount of contributions, which, when added to employer
36 contributions made to the State disability benefits fund pursuant to
37 subsection (e) of this section, is equal to 120% of the benefits paid
38 for periods of disability, excluding periods of family temporary
39 disability, during the immediately preceding calendar year plus an
40 amount equal to 100% of the cost of administration of the payment
41 of those benefits during the immediately preceding calendar year,
42 less the amount of net assets remaining in the State disability
43 benefits fund, excluding net assets remaining in the "Family
44 Temporary Disability Leave Account" of that fund, as of December
45 31 of the immediately preceding year. The rates of employer
46 contributions determined pursuant to subsection (e) of this section
47 for any year shall be determined prior to the determination of the
48 rate of employee contributions pursuant to this subparagraph (i) and

1 any consideration of employee contributions in determining
2 employer rates for any year shall be based on amounts of employee
3 contributions made prior to the year to which the rate of employee
4 contributions applies and shall not be based on any projection or
5 estimate of the amount of employee contributions for the year to
6 which that rate applies.

7 (ii) Each worker shall contribute to the State disability benefits
8 fund, in addition to any amount contributed pursuant to
9 subparagraph (i) of this paragraph (1)(G), an amount equal to,
10 during calendar year 2009, 0.09%, and during calendar year 2010
11 0.12%, of wages paid with respect to the worker's employment with
12 any covered employer, including a governmental employer which is
13 an employer as defined under R.S.43:21-19(h)(5), unless the
14 employer is covered by an approved private disability plan for
15 benefits during periods of family temporary disability leave. The
16 contributions made pursuant to this subparagraph (ii) to the State
17 disability benefits fund shall be deposited into an account of that
18 fund reserved for the payment of benefits during periods of family
19 temporary disability leave as defined in section 3 of the "Temporary
20 Disability Benefits Law," P.L.1948, c.110 (C.43:21-27) and for the
21 administration of those payments and shall not be used for any other
22 purpose. This account shall be known as the "Family Temporary
23 Disability Leave Account." For calendar year 2011 and each
24 subsequent calendar year, the annual rate of contribution to be paid
25 by workers pursuant to this subparagraph (ii) shall be the rate
26 necessary to obtain a total amount of contributions equal to 125% of
27 the benefits paid for periods of family temporary disability leave
28 during the immediately preceding calendar year plus an amount
29 equal to 100% of the cost of administration of the payment of those
30 benefits during the immediately preceding calendar year, less the
31 amount of net assets remaining in the account as of December 31 of
32 the immediately preceding year. Necessary administrative costs
33 shall include the cost of an outreach program to inform employees
34 of the availability of the benefits and the cost of issuing the reports
35 required or permitted pursuant to section 13 of P.L.2008, c.17
36 (C.43:21-39.4). No monies, other than the funds in the "Family
37 Temporary Disability Leave Account," shall be used for the
38 payment of benefits during periods of family temporary disability
39 leave or for the administration of those payments, with the sole
40 exception that, during calendar years 2008 and 2009, a total amount
41 not exceeding \$25 million may be transferred to that account from
42 the revenues received in the State disability benefits fund pursuant
43 to subparagraph (i) of this paragraph (1)(G) and be expended for
44 those payments and their administration, including the
45 administration of the collection of contributions made pursuant to
46 this subparagraph (ii) and any other necessary administrative costs.
47 Any amount transferred to the account pursuant to this
48 subparagraph (ii) shall be repaid during a period beginning not later

1 than January 1, 2011 and ending not later than December 31, 2015.
2 No monies, other than the funds in the "Family Temporary
3 Disability Leave Account," shall be used under any circumstances
4 after December 31, 2009, for the payment of benefits during periods
5 of family temporary disability leave or for the administration of
6 those payments, including for the administration of the collection of
7 contributions made pursuant to this subparagraph (ii).

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

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

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

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

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

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

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

15 (3) (A) If an employee receives wages from more than one
16 employer during any calendar year, and either the sum of his
17 contributions deposited in and credited to the State disability
18 benefits fund plus the amount of his contributions, if any, required
19 towards the costs of benefits under one or more approved private
20 plans under the provisions of section 9 of the "Temporary Disability
21 Benefits Law" (C.43:21-33) and deducted from his wages, or the
22 sum of such latter contributions, if the employee is covered during
23 such calendar year only by two or more private plans, exceeds an
24 amount equal to 1/2 of 1% of the "wages" determined in accordance
25 with the provisions of R.S.43:21-7(b)(3) during the calendar years
26 beginning on or after January 1, 1976 or, during calendar year 2012
27 or any subsequent calendar year, the total amount of his
28 contributions for the year exceeds the amount set by the annual rate
29 of contribution determined by the Commissioner of Labor and
30 Workforce Development pursuant to subparagraph (i) of paragraph
31 (1)(G) of this subsection (d), the employee shall be entitled to a
32 refund of the excess if he makes a claim to the controller within two
33 years after the end of the calendar year in which the wages are
34 received with respect to which the refund is claimed and establishes
35 his right to such refund. Such refund shall be made by the controller
36 from the State disability benefits fund. No interest shall be allowed
37 or paid with respect to any such refund. The controller shall, in
38 accordance with prescribed regulations, determine the portion of the
39 aggregate amount of such refunds made during any calendar year
40 which is applicable to private plans for which deductions were
41 made under section 9 of the "Temporary Disability Benefits Law"
42 (C.43:21-33) such determination to be based upon the ratio of the
43 amount of such wages exempt from contributions to such fund, as
44 provided in subparagraph (B) of paragraph (1) of this subsection
45 with respect to coverage under private plans, to the total wages so
46 exempt plus the amount of such wages subject to contributions to
47 the disability benefits fund, as provided in subparagraph (G) of
48 paragraph (1) of this subsection. The controller shall, in accordance

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

10 (B) If an employee receives wages from more than one employer
11 during any calendar year, and the sum of his contributions deposited
12 in the "Family Temporary Disability Leave Account" of the State
13 disability benefits fund plus the amount of his contributions, if any,
14 required towards the costs of family temporary disability leave
15 benefits under one or more approved private plans under the
16 provisions of the "Temporary Disability Benefits Law" (C.43:21-25
17 et al.) and deducted from his wages, exceeds an amount equal to,
18 during calendar year 2009, 0.09% of the "wages" determined in
19 accordance with the provisions of R.S.43:21-7(b)(3), or during
20 calendar year 2010, 0.12% of those wages, or, during calendar year
21 2011 or any subsequent calendar year, the percentage of those
22 wages set by the annual rate of contribution determined by the
23 Commissioner of Labor and Workforce Development pursuant to
24 subparagraph (ii) of paragraph (1)(G) of this subsection (d), the
25 employee shall be entitled to a refund of the excess if he makes a
26 claim to the controller within two years after the end of the calendar
27 year in which the wages are received with respect to which the
28 refund is claimed and establishes his right to the refund. The refund
29 shall be made by the controller from the "Family Temporary
30 Disability Leave Account" of the State disability benefits fund. No
31 interest shall be allowed or paid with respect to any such refund.
32 The controller shall, in accordance with prescribed regulations,
33 determine the portion of the aggregate amount of the refunds made
34 during any calendar year which is applicable to private plans for
35 which deductions were made under section 9 of the "Temporary
36 Disability Benefits Law" (C.43:21-33), with that determination
37 based upon the ratio of the amount of such wages exempt from
38 contributions to the fund, as provided in paragraph (1)(B) of this
39 subsection (d) with respect to coverage under private plans, to the
40 total wages so exempt plus the amount of such wages subject to
41 contributions to the "Family Temporary Disability Leave Account"
42 of the State disability benefits fund, as provided in subparagraph (ii)
43 of paragraph (1)(G) of this subsection (d). The controller shall, in
44 accordance with prescribed regulations, prorate the amount so
45 determined among the applicable private plans in the proportion
46 that the wages covered by each plan bear to the total private plan
47 wages involved in such refunds, and shall assess against and
48 recover from the employer, or the insurer if the insurer has

1 indemnified the employer with respect thereto, the prorated amount.
2 The provisions of R.S.43:21-14 with respect to collection of
3 employer contributions shall apply to such assessments. The
4 amount so recovered by the controller shall be paid into the "Family
5 Temporary Disability Leave Account" of the State disability
6 benefits fund.

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

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

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

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

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

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

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

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

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

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

45 (D) Prior to July 1 of each calendar year, the controller shall
46 make a preliminary determination of the rate of contribution for the
47 12 months commencing on such July 1 for each employer subject to
48 the contribution requirements of this subsection (e).

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

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

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

13 (ii) $\frac{15}{100}$ of 1% if such excess over \$500.00 equals or exceeds
14 $1\frac{1}{4}\%$ but is less than $1\frac{1}{2}\%$ of his average annual payroll;

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

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

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

27 (i) $\frac{35}{100}$ of 1% if such excess over \$500.00 is less than $\frac{1}{4}$ of
28 1% of his average annual payroll;

29 (ii) $\frac{45}{100}$ of 1% if such excess over \$500.00 equals or exceeds
30 $\frac{1}{4}$ of 1% but is less than $\frac{1}{2}$ of 1% of his average annual payroll;

31 (iii) $\frac{55}{100}$ of 1% if such excess over \$500.00 equals or exceeds
32 $\frac{1}{2}$ of 1% but is less than $\frac{3}{4}$ of 1% of his average annual payroll;

33 (iv) $\frac{65}{100}$ of 1% if such excess over \$500.00 equals or exceeds
34 $\frac{3}{4}$ of 1% but is less than 1% of his average annual payroll;

35 (v) $\frac{75}{100}$ of 1% if such excess over \$500.00 equals or exceeds
36 1% of his average annual payroll.

37 (5) Determination of the preliminary rate as specified in
38 subparagraphs (D)(2), (3) and (4) above shall be subject, however,
39 to the condition that it shall in no event be decreased by more than
40 $\frac{1}{10}$ of 1% of wages or increased by more than $\frac{2}{10}$ of 1% of
41 wages from the preliminary rate determined for the preceding year
42 in accordance with subparagraph (D) (1), (2), (3) or (4), whichever
43 shall have been applicable.

44 (E) (1) Prior to July 1 of each calendar year the controller shall
45 determine the amount of the State disability benefits fund as of
46 December 31 of the preceding calendar year, increased by the
47 contributions paid thereto during January of the current calendar
48 year with respect to employment occurring in the preceding

1 calendar year. If such amount exceeds the net amount withdrawn
2 from the unemployment trust fund pursuant to section 23 of the
3 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-47)
4 plus the amount at the end of such preceding calendar year of the
5 unemployment disability account as defined in section 22 of said
6 law (C.43:21-46), such excess shall be expressed as a percentage of
7 the wages on which contributions were paid to the State disability
8 benefits fund on or before January 31 with respect to employment
9 in the preceding calendar year.

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

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

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

27 (iii) If the percentage determined in accordance with
28 subparagraph (E)(1) of this paragraph is less than $\frac{3}{4}$ of 1%, but in
29 excess of $\frac{1}{4}$ of 1%, the final employer rates shall be the
30 preliminary employer rates determined as provided in subparagraph
31 (D) hereof increased by the difference between $\frac{3}{4}$ of 1% and such
32 percentage taken to the nearest $\frac{5}{100}$ of 1%; provided, however,
33 that no such final rate shall be more than $\frac{1}{4}$ of 1% in the case of an
34 employer whose preliminary rate is determined as provided in
35 subparagraph (D)(2) hereof, more than $\frac{1}{2}$ of 1% in the case of an
36 employer whose preliminary rate is determined as provided in
37 subparagraph (D)(1) and subparagraph (D)(3) hereof, nor more than
38 $\frac{3}{4}$ of 1% in the case of an employer whose preliminary rate is
39 determined as provided in subparagraph (D)(4) hereof.

40 (iv) If the amount of the State disability benefits fund determined
41 as provided in subparagraph (E)(1) of this paragraph is equal to or
42 less than $\frac{1}{4}$ of 1%, then the final rate shall be $\frac{2}{5}$ of 1% in the case
43 of an employer whose preliminary rate is determined as provided in
44 subparagraph (D)(2) hereof, $\frac{7}{10}$ of 1% in the case of an employer
45 whose preliminary rate is determined as provided in subparagraph
46 (D)(1) and subparagraph (D)(3) hereof, and 1.1% in the case of an
47 employer whose preliminary rate is determined as provided in
48 subparagraph (D)(4) hereof. Notwithstanding any other provision of

1 law or any determination made by the controller with respect to any
2 12-month period commencing on July 1, 1970, the final rates for all
3 employers for the period beginning January 1, 1971, shall be as set
4 forth herein.

5 (F) Notwithstanding any other provisions of this subsection (e),
6 the rate of contribution paid to the State disability benefits fund by
7 each covered employer as defined in paragraph (1) of subsection (a)
8 of section 3 of P.L.1948, c.110 (C.43:21-27), shall be determined as
9 if:

10 (i) No disability benefits have been paid with respect to periods
11 of family temporary disability leave;

12 (ii) No worker paid any contributions to the State disability
13 benefits fund pursuant to paragraph (1)(G)(ii) of subsection (d) of
14 this section; and

15 (iii) No amounts were transferred from the State disability
16 benefits fund to the "Family Temporary Disability Leave Account"
17 pursuant to paragraph (1)(G)(ii) of subsection (d) of this section.

18 (cf: P.L.2011, c.88, s.1)

19

20 2. This act shall take effect immediately.

21

22

23

STATEMENT

24

25 This bill reduces the unemployment insurance (UI) tax rates
26 which will be imposed on employers during fiscal year 2014 by
27 setting them based on the "E" column of the UI tax table in
28 R.S.43:21-7, but without the 10% surcharge provided by that law.
29 The UI tax rate which is being charged to employers during FY
30 2013 is based on column "E" of the tax table. Because the UI trust
31 fund is currently in deficit, the tax rate, under current law, would
32 increase, starting on July 1, 2013, to the highest tax rates set by the
33 law, the rates found in the "E" column, plus an additional 10%
34 surcharge. The bill reduces the UI tax burden on employers by
35 preventing the 10% surcharge from taking effect in fiscal year 2014.

36

37

38

39

40 Eliminates 10% surcharge on employer UI taxes during fiscal
41 year 2014.

SENATE, No. 2404

STATE OF NEW JERSEY 215th LEGISLATURE

INTRODUCED DECEMBER 20, 2012

Sponsored by:

Senator FRED H. MADDEN, JR.

District 4 (Camden and Gloucester)

Senator STEVEN V. OROHO

District 24 (Morris, Sussex and Warren)

Assemblyman TIMOTHY J. EUSTACE

District 38 (Bergen and Passaic)

Assemblyman TROY SINGLETON

District 7 (Burlington)

Assemblywoman CONNIE WAGNER

District 38 (Bergen and Passaic)

Assemblywoman ALISON LITTELL MCHOSE

District 24 (Morris, Sussex and Warren)

Assemblyman JOSEPH V. EGAN

District 17 (Middlesex and Somerset)

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

Co-Sponsored by:

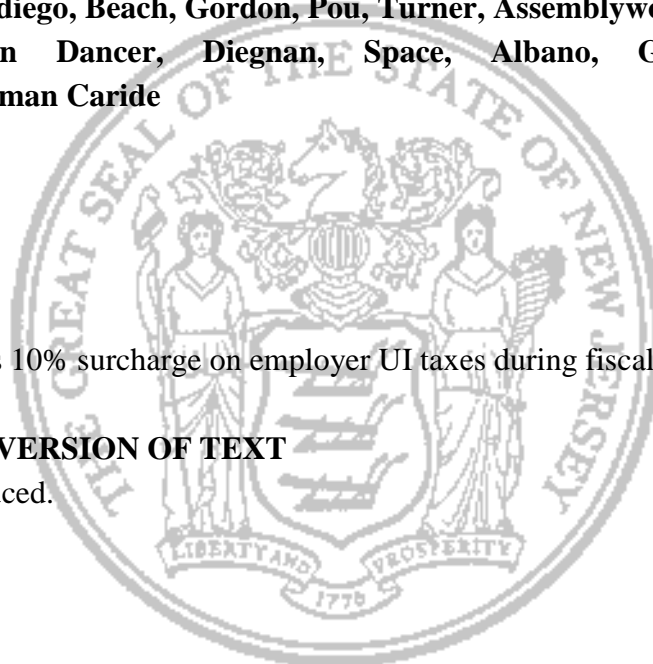
**Senators Addiego, Beach, Gordon, Pou, Turner, Assemblywoman Handlin,
Assemblymen Dancer, Diegnan, Space, Albano, Gusciora and
Assemblywoman Caride**

SYNOPSIS

Eliminates 10% surcharge on employer UI taxes during fiscal year 2014.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/21/2013)

S2404 MADDEN, OROHO

2

1 AN ACT concerning unemployment compensation contributions
2 paid by certain employers and amending R.S.43:21-7.

3

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

6

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

8 Contributions.

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

20 (a) Payment.

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

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

33 (b) Rate of contributions. Each employer shall pay the following
34 contributions:

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

39 (2) The "wages" of any individual, with respect to any one
40 employer, as the term is used in this subsection (b) and in
41 subsections (c), (d) and (e) of this section 7, shall include the first
42 \$4,800.00 paid during calendar year 1975, for services performed
43 either within or without this State; provided that no contribution
44 shall be required by this State with respect to services performed in
45 another state if such other state imposes contribution liability with

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.

S2404 MADDEN, OROHO

1 respect thereto. If an employer (hereinafter referred to as a
2 successor employer) during any calendar year acquires substantially
3 all the property used in a trade or business of another employer
4 (hereinafter referred to as a predecessor), or used in a separate unit
5 of a trade or business of a predecessor, and immediately after the
6 acquisition employs in his trade or business an individual who
7 immediately prior to the acquisition was employed in the trade or
8 business of such predecessors, then, for the purpose of determining
9 whether the successor employer has paid wages with respect to
10 employment equal to the first \$4,800.00 paid during calendar year
11 1975, any wages paid to such individual by such predecessor during
12 such calendar year and prior to such acquisition shall be considered
13 as having been paid by such successor employer.

14 (3) For calendar years beginning on and after January 1, 1976,
15 the "wages" of any individual, as defined in the preceding
16 paragraph (2) of this subsection (b), shall be established and
17 promulgated by the Commissioner of Labor and Workforce
18 Development on or before September 1 of the preceding year and
19 shall be, 28 times the Statewide average weekly remuneration paid
20 to workers by employers, as determined under R.S.43:21-3(c),
21 raised to the next higher multiple of \$100.00 if not already a
22 multiple thereof, provided that if the amount of wages so
23 determined for a calendar year is less than the amount similarly
24 determined for the preceding year, the greater amount will be used;
25 provided, further, that if the amount of such wages so determined
26 does not equal or exceed the amount of wages as defined in
27 subsection (b) of section 3306 of the Internal Revenue Code of
28 1986 (26 U.S.C. s.3306(b)), the wages as determined in this
29 paragraph in any calendar year shall be raised to equal the amount
30 established under the "Federal Unemployment Tax Act," chapter 23
31 of the Internal Revenue Code of 1986 (26 U.S.C. s.3301 et seq.), for
32 that calendar year.

33 (c) Future rates based on benefit experience.

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

S2404 MADDEN, OROHO

1 such calendar year and in preceding calendar years shall be charged
2 against the account or accounts of the employer or employers in
3 whose employment such individual established base weeks
4 constituting the basis of such benefits, except that, with respect to
5 benefit years commencing after January 4, 1998, an employer's
6 account shall not be charged for benefits paid to a claimant if the
7 claimant's employment by that employer was ended in any way
8 which, pursuant to subsection (a), (b), (c), (f), (g) or (h) of
9 R.S.43:21-5, would have disqualified the claimant for benefits if the
10 claimant had applied for benefits at the time when that employment
11 ended. Benefits paid under a given benefit determination shall be
12 charged against the account of the employer to whom such
13 determination relates. When each benefit payment is made,
14 notification shall be promptly provided to each employer included
15 in the unemployment insurance monetary calculation of benefits.
16 Such notification shall identify the employer against whose account
17 the amount of such payment is being charged, shall show at least
18 the name and social security account number of the claimant and
19 shall specify the period of unemployment to which said benefit
20 payment applies.

21 An annual summary statement of unemployment benefits
22 charged to the employer's account shall be provided.

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

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

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

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- 1 (1) 2 5/10%, if such excess equals or exceeds 4%, but less than
2 5%, of his average annual payroll (as defined in paragraph (2),
3 subsection (a) of R.S.43:21-19);
- 4 (2) 2 2/10%, if such excess equals or exceeds 5%, but is less
5 than 6%, of his average annual payroll;
- 6 (3) 1 9/10%, if such excess equals or exceeds 6%, but is less
7 than 7%, of his average annual payroll;
- 8 (4) 1 6/10%, if such excess equals or exceeds 7%, but is less
9 than 8%, of his average annual payroll;
- 10 (5) 1 3/10%, if such excess equals or exceeds 8%, but is less
11 than 9%, of his average annual payroll;
- 12 (6) 1%, if such excess equals or exceeds 9%, but is less than
13 10%, of his average annual payroll;
- 14 (7) 7/10 of 1%, if such excess equals or exceeds 10%, but is less
15 than 11%, of his average annual payroll;
- 16 (8) 4/10 of 1%, if such excess equals or exceeds 11% of his
17 average annual payroll.
- 18 (B) If the total of an employer's contributions, paid on his own
19 behalf, for all past periods for the purposes of this paragraph (4), is
20 less than the total benefits charged against his account during the
21 same period, his rate shall be:
- 22 (1) 4%, if such excess is less than 10% of his average annual
23 payroll;
- 24 (2) 4 3/10%, if such excess equals or exceeds 10%, but is less
25 than 20%, of his average annual payroll;
- 26 (3) 4 6/10%, if such excess equals or exceeds 20% of his
27 average annual payroll.
- 28 (C) Specially assigned rates.
- 29 (i) If no contributions were paid on wages for employment in
30 any calendar year used in determining the average annual payroll of
31 an employer eligible for an assigned rate under this paragraph (4),
32 the employer's rate shall be specially assigned as follows:
- 33 if the reserve balance in its account is positive, its assigned rate
34 shall be the highest rate in effect for positive balance accounts for
35 that period, or 5.4%, whichever is higher, and
- 36 if the reserve balance in its account is negative, its assigned rate
37 shall be the highest rate in effect for deficit accounts for that period.
- 38 (ii) If, following the purchase of a corporation with little or no
39 activity, known as a corporate shell, the resulting employing unit
40 operates a new or different business activity, the employing unit
41 shall be assigned a new employer rate.
- 42 (iii) Entities operating under common ownership, management or
43 control, when the operation of the entities is not identifiable,
44 distinguishable and severable, shall be considered a single employer
45 for the purposes of this chapter (R.S.43:21-1 et seq.).
- 46 (D) The contribution rates prescribed by subparagraphs (A) and
47 (B) of this paragraph (4) shall be increased or decreased in

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1 accordance with the provisions of paragraph (5) of this subsection
2 (c) for experience rating periods through June 30, 1986.

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

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

41 (B) If on March 31 of any calendar year the balance in the
42 unemployment trust fund equals or exceeds 10% but is less than $12\frac{1}{2}\%$
43 of the total taxable wages reported to the controller as of that
44 date in respect to employment during the preceding calendar year,
45 the contribution rate, effective July 1 following, of each employer
46 eligible for a contribution rate calculation based upon benefit
47 experience, shall be reduced by $\frac{3}{10}$ of 1% under the contribution
48 rate otherwise established under the provisions of paragraphs (3)

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

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

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

29 (E) (i) (Deleted by amendment, P.L.1997, c.263).

30 (ii) (Deleted by amendment, P.L.2001, c.152).

31 (iii) (Deleted by amendment, P.L.2003, c.107).

32 (iv) (Deleted by amendment, P.L.2004, c.45).

33 (v) (Deleted by amendment, P.L.2008, c.17).

34 (vi) **【**With respect to experience rating years beginning on or
 35 after July 1, 2004, and before July 1, 2011, the new employer rate
 36 or the unemployment experience rate of an employer under this
 37 section shall be the rate which appears in the column headed by the
 38 Unemployment Trust Fund Reserve Ratio as of the applicable
 39 calculation date and on the line with the Employer Reserve Ratio,
 40 as defined in paragraph (4) of this subsection (R.S.43:21-7 (c)(4)),
 41 as set forth in the following table:

42 EXPERIENCE RATING TAX TABLE

43		Fund Reserve Ratio ¹				
44		1.40%	1.00%	0.75%	0.50%	0.49%
45	Employer	and	to	to	to	and
46	Reserve	Over	1.39%	0.99%	0.74%	Under
47	Ratio ²	A	B	C	D	E
48	Positive Reserve Ratio:					

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1	17% and over	0.3	0.4	0.5	0.6	1.2
2	16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
3	15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
4	14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
5	13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
6	12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
7	11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
8	10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
9	9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
10	8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
11	7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
12	6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
13	5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
14	4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
15	3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
16	2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
17	1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
18	0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
19	Deficit Reserve Ratio:					
20	-0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
21	-3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
22	-6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
23	-9.00% to-11.99%	3.5	4.5	5.3	5.9	6.4
24	-12.00% to-14.99%	3.6	4.6	5.4	6.0	6.5
25	-15.00% to-19.99%	3.6	4.6	5.5	6.1	6.6
26	-20.00% to-24.99%	3.7	4.7	5.6	6.2	6.7
27	-25.00% to-29.99%	3.7	4.8	5.6	6.3	6.8
28	-30.00% to-34.99%	3.8	4.8	5.7	6.3	6.9
29	-35.00% and under	5.4	5.4	5.8	6.4	7.0
30	New Employer Rate	2.8	2.8	2.8	3.1	3.4

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

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

36 (vii) With respect to experience rating years beginning on or
37 after July 1, 2011, the new employer rate or the unemployment
38 experience rate of an employer under this section shall be the rate
39 which appears in the column headed by the Unemployment Trust
40 Fund Reserve Ratio as of the applicable calculation date and on the
41 line with the Employer Reserve Ratio, as defined in paragraph (4)
42 of this subsection (R.S.43:21-7 (c)(4)), as set forth in the following
43 table:

44 EXPERIENCE RATING TAX TABLE					
45 Fund Reserve Ratio ¹					
46 3.50% 3.00% 2.5% 2.0% 1.99%					
47 Employer and to to to and					
48 Reserve Over 3.49% 2.99% 2.49% Under					

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1	Ratio ²	A	B	C	D	E
2	Positive Reserve Ratio:					
3	17% and over	0.3	0.4	0.5	0.6	1.2
4	16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
5	15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
6	14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
7	13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
8	12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
9	11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
10	10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
11	9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
12	8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
13	7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
14	6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
15	5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
16	4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
17	3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
18	2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
19	1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
20	0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
21	Deficit Reserve Ratio:					
22	-0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
23	-3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
24	-6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
25	-9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4
26	-12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5
27	-15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6
28	-20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7
29	-25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8
30	-30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9
31	-35.00% and under	5.4	5.4	5.8	6.4	7.0
32	New Employer Rate	2.8	2.8	2.8	3.1	3.4

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

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

37 (F) (i) (Deleted by amendment, P.L.1997, c.263).

38 (ii) (Deleted by amendment, P.L.2008, c.17).

39 (iii) **【**With respect to experience rating years beginning on or
 40 after July 1, 2004 and before July 1, 2011, if the fund reserve ratio,
 41 based on the fund balance as of the prior March 31, is less than
 42 0.50%, the contribution rate for each employer liable to pay
 43 contributions, as computed under subparagraph (E) of this
 44 paragraph (5), shall be increased by a factor of 10% computed to
 45 the nearest multiple of 1/10% if not already a multiple thereof**】**
 46 (Deleted by amendment, P.L. , c.) (pending before the
 47 Legislature as this bill).

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10

1 (iv) With respect to experience rating years beginning on or after
2 July 1, 2011 and before July 1, 2013, if the fund reserve ratio, based
3 on the fund balance as of the prior March 31, is less than 1.0%, the
4 contribution rate for each employer liable to pay contributions, as
5 computed under subparagraph (E) of this paragraph (5), shall be
6 increased by a factor of 10% computed to the nearest multiple of
7 1/10% if not already a multiple thereof.

8 (v) With respect to experience rating years beginning on or after
9 July 1, 2014, if the fund reserve ratio, based on the fund balance as
10 of the prior March 31, is less than 1.0%, the contribution rate for
11 each employer liable to pay contributions, as computed under
12 subparagraph (E) of this paragraph (5), shall be increased by a
13 factor of 10% computed to the nearest multiple of 1/10% if not
14 already a multiple thereof.

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

26 (H) On and after January 1, 1998 until December 31, 2000 and
27 on or after January 1, 2002 until June 30, 2006, the contribution rate
28 for each employer liable to pay contributions, as computed under
29 subparagraph (E) of this paragraph (5), shall be decreased by a
30 factor, as set out below, computed to the nearest multiple of 1/10%,
31 except that, if an employer has a deficit reserve ratio of negative
32 35.0% or under, the employer's rate of contribution shall not be
33 reduced pursuant to this subparagraph (H) to less than 5.4%:

34 From January 1, 1998 until December 31, 1998, a factor of 12%;
35 From January 1, 1999 until December 31, 1999, a factor of 10%;
36 From January 1, 2000 until December 31, 2000, a factor of 7%;
37 From January 1, 2002 until March 31, 2002, a factor of 36%;
38 From April 1, 2002 until June 30, 2002, a factor of 85%;
39 From July 1, 2002 until June 30, 2003, a factor of 15%;
40 From July 1, 2003 until June 30, 2004, a factor of 15%;
41 From July 1, 2004 until June 30, 2005, a factor of 7%;
42 From July 1, 2005 until December 31, 2005, a factor of 16%; and
43 From January 1, 2006 until June 30, 2006, a factor of 34%.

44 The amount of the reduction in the employer contributions
45 stipulated by this subparagraph (H) shall be in addition to the
46 amount of the reduction in the employer contributions stipulated by
47 subparagraph (G) of this paragraph (5), except that the rate of
48 contribution of an employer who has a deficit reserve ratio of

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1 negative 35.0% or under shall not be reduced pursuant to this
2 subparagraph (H) to less than 5.4% and the rate of contribution of
3 any other employer shall not be reduced to less than 0.0%.

4 (I) (Deleted by amendment, P.L.2008, c.17).

5 (J) On or after July 1, 2001, notwithstanding any other
6 provisions of this paragraph (5), the contribution rate for each
7 employer liable to pay contributions, as computed under
8 subparagraph (E) of this paragraph (5), shall be decreased by
9 0.0175%, except that, during any experience rating year starting on
10 or after July 1, 2001, in which the fund reserve ratio is equal to or
11 greater than 3.5%, there shall be no decrease pursuant to this
12 subparagraph (J) in the contribution of any employer who has a
13 deficit reserve ratio of negative 35.00% or under. The amount of the
14 reduction in the employer contributions stipulated by this
15 subparagraph (J) shall be in addition to the amount of the reduction
16 in the employer contributions stipulated by subparagraphs (G) and
17 (H) of this paragraph (5), except that the rate of contribution of an
18 employer who has a deficit reserve ratio of negative 35.0% or under
19 shall not be reduced pursuant to this subparagraph (J) to less than
20 5.4% and the rate of contribution of any other employer shall not be
21 reduced to less than 0.0%.

22 (K) With respect to experience rating years beginning on or after
23 July 1, 2009, if the fund reserve ratio, based on the fund balance as
24 of the prior March 31, is:

25 (i) Equal to or greater than 5.00% but less than 7.5%, the
26 contribution rate for each employer liable to pay contributions, as
27 computed under subparagraph (E) of this paragraph (5), shall be
28 reduced by a factor of 25% computed to the nearest multiple of
29 1/10% if not already a multiple thereof except that there shall be no
30 decrease pursuant to this subparagraph (K) in the contribution of
31 any employer who has a deficit reserve ratio of 35.00% or under;

32 (ii) Equal to or greater than 7.5%, the contribution rate for each
33 employer liable to pay contributions, as computed under
34 subparagraph (E) of this paragraph (5), shall be reduced by a factor
35 of 50% computed to the nearest multiple of 1/10% if not already a
36 multiple thereof except that there shall be no decrease pursuant to
37 this subparagraph (K) in the contribution of any employer who has
38 a deficit reserve ratio of 35.00% or under.

39 (L) Notwithstanding any other provision of this paragraph (5)
40 and notwithstanding the actual fund reserve ratio, the contribution
41 rate for employers liable to pay contributions, as computed under
42 subparagraph (E) of this paragraph (5), shall be, for fiscal year
43 2011, the rates set by column "C" of the table in that subparagraph.

44 (M) Notwithstanding any other provision of this paragraph (5)
45 and notwithstanding the actual fund reserve ratio, the contribution
46 rate for employers liable to pay contributions, as computed under
47 subparagraph (E) of this paragraph (5), shall be, for fiscal year
48 2012, the rates set by column "D" of the table in that subparagraph.

1 (N) Notwithstanding any other provision of this paragraph (5)
2 and notwithstanding the actual fund reserve ratio, the contribution
3 rate for employers liable to pay contributions, as computed under
4 subparagraph (E) of this paragraph (5), shall be, for fiscal year
5 2013, the rates set by column "E" of the table in that subparagraph.

6 (6) Additional contributions.

7 Notwithstanding any other provision of law, any employer who
8 has been assigned a contribution rate pursuant to subsection (c) of
9 this section for the year commencing July 1, 1948, and for any year
10 commencing July 1 thereafter, may voluntarily make payment of
11 additional contributions, and upon such payment shall receive a
12 recomputation of the experience rate applicable to such employer,
13 including in the calculation the additional contribution so made,
14 except that, following a transfer as described under R.S.43:21-
15 7(c)(7)(D), neither the predecessor nor successor in interest shall be
16 eligible to make a voluntary payment of additional contributions
17 during the year the transfer occurs and the next full calendar year.
18 Any such additional contribution shall be made during the 30-day
19 period following the notification to the employer of his contribution
20 rate as prescribed in this section, unless, for good cause, the time
21 for payment has been extended by the controller for not to exceed
22 an additional 60 days; provided that in no event may such payments
23 which are made later than 120 days after the beginning of the year
24 for which such rates are effective be considered in determining the
25 experience rate for the year in which the payment is made. Any
26 employer receiving any extended period of time within which to
27 make such additional payment and failing to make such payment
28 timely shall be, in addition to the required amount of additional
29 payment, liable for a penalty of 5% thereof or \$5.00, whichever is
30 greater, not to exceed \$50.00. Any adjustment under this subsection
31 shall be made only in the form of credits against accrued or future
32 contributions.

33 (7) Transfers.

34 (A) Upon the transfer of the organization, trade or business, or
35 substantially all the assets of an employer to a successor in interest,
36 whether by merger, consolidation, sale, transfer, descent or
37 otherwise, the controller shall transfer the employment experience
38 of the predecessor employer to the successor in interest, including
39 credit for past years, contributions paid, annual payrolls, benefit
40 charges, et cetera, applicable to such predecessor employer,
41 pursuant to regulation, if it is determined that the employment
42 experience of the predecessor employer with respect to the
43 organization, trade, assets or business which has been transferred
44 may be considered indicative of the future employment experience
45 of the successor in interest. The successor in interest may, within
46 four months of the date of such transfer of the organization, trade,
47 assets or business, or thereafter upon good cause shown, request a
48 reconsideration of the transfer of employment experience of the

1 predecessor employer. The request for reconsideration shall
2 demonstrate, to the satisfaction of the controller, that the
3 employment experience of the predecessor is not indicative of the
4 future employment experience of the successor.

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

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

33 (D) If an employer transfers in whole or in part his or its
34 organization, trade, assets or business to a successor in interest,
35 whether by merger, consolidation, sale, transfer, descent or
36 otherwise and both the employer and successor in interest are at the
37 time of the transfer under common ownership, management or
38 control, then the employment experience attributable to the
39 transferred business shall also be transferred to and combined with
40 the employment experience of the successor in interest. The transfer
41 of the employment experience is mandatory and not subject to
42 appeal or protest.

43 (E) The transfer of part of an employer's employment experience
44 to a successor in interest shall become effective as of the first day of
45 the calendar quarter following the acquisition by the successor in
46 interest. As of the effective date, the successor in interest shall have
47 its employer rate recalculated by merging its existing employment
48 experience, if any, with the employment experience acquired. If the

1 successor in interest is not an employer as of the date of acquisition,
2 it shall be assigned the new employer rate until the effective date of
3 the transfer of employment experience.

4 (F) Upon the transfer in whole or in part of the organization,
5 trade, assets or business to a successor in interest, the employment
6 experience shall not be transferred if the successor in interest is not
7 an employer at the time of the acquisition and the controller finds
8 that the successor in interest acquired the business solely or
9 primarily for the purpose of obtaining a lower rate of contributions.

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

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

26 (B) Effective January 1, 1978 there shall be no contributions by
27 workers in the employ of any governmental or nongovernmental
28 employer electing or required to make payments in lieu of
29 contributions unless the employer is covered by the State plan under
30 the "Temporary Disability Benefits Law" (C.43:21-25 et al.), and in
31 that case contributions shall be at the rate of 1/2 of 1%, except that
32 commencing July 1, 1986, workers in the employ of any
33 nongovernmental employer electing or required to make payments
34 in lieu of contributions shall be required to make contributions to
35 the fund at the same rate prescribed for workers of other
36 nongovernmental employers.

37 (C) (i) Notwithstanding the above provisions of this paragraph
38 (1), during the period starting July 1, 1986 and ending December
39 31, 1992, each worker shall contribute to the fund 1.125% of wages
40 paid with respect to his employment with a governmental employer
41 electing or required to pay contributions or nongovernmental
42 employer, including a nonprofit organization which is an employer
43 as defined under R.S.43:21-19(h)(6), regardless of whether that
44 nonprofit organization elects or is required to finance its benefit
45 costs with contributions to the fund or by payments in lieu of
46 contributions, after that employer has satisfied the conditions set
47 forth in subsection R.S.43:21-19(h) with respect to becoming an
48 employer. Contributions, however, shall be at the rate of 0.625%

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

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

16 (D) Notwithstanding any other provisions of this paragraph (1),
17 during the period starting January 1, 1993 and ending June 30,
18 1994, each worker shall contribute to the unemployment
19 compensation fund 0.5% of wages paid with respect to the worker's
20 employment with a governmental employer electing or required to
21 pay contributions or nongovernmental employer, including a
22 nonprofit organization which is an employer as defined under
23 paragraph (6) of subsection (h) of R.S.43:21-19, regardless of
24 whether that nonprofit organization elects or is required to finance
25 its benefit costs with contributions to the fund or by payments in
26 lieu of contributions, after that employer has satisfied the conditions
27 set forth in subsection (h) of R.S.43:21-19 with respect to becoming
28 an employer. No contributions, however, shall be made by the
29 worker while the worker is covered by an approved private plan
30 under the "Temporary Disability Benefits Law," P.L.1948, c.110
31 (C.43:21-25 et al.) or while the worker is exempt under section 7 of
32 P.L.1948, c.110 (C.43:21-31) or any other provision of that law;
33 provided that the contributions shall be at the rate of 0.50% of
34 wages paid with respect to employment with the State of New
35 Jersey or any other governmental entity or instrumentality electing
36 or required to make payments in lieu of contributions and which is
37 covered by the State plan under the "Temporary Disability Benefits
38 Law," except that, while the worker is exempt from the provisions
39 of the "Temporary Disability Benefits Law" under section 7 of that
40 law, P.L.1948, c.110 (C.43:21-31) or any other provision of that
41 law, or is covered for disability benefits by an approved private plan
42 of the employer, no contributions shall be made to the fund.

43 Each worker shall, starting on January 1, 1996 and ending March
44 31, 1996, contribute to the unemployment compensation fund
45 0.60% of wages paid with respect to the worker's employment with
46 a governmental employer electing or required to pay contributions
47 or nongovernmental employer, including a nonprofit organization
48 which is an employer as defined under paragraph (6) of subsection

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1 (h) of R.S.43:21-19, regardless of whether that nonprofit
2 organization elects or is required to finance its benefit costs with
3 contributions to the fund or by payments in lieu of contributions,
4 after that employer has satisfied the conditions set forth in
5 subsection (h) of R.S.43:21-19 with respect to becoming an
6 employer, provided that the contributions shall be at the rate of
7 0.10% of wages paid with respect to employment with the State of
8 New Jersey or any other governmental entity or instrumentality
9 electing or required to make payments in lieu of contributions.

10 Each worker shall, starting on January 1, 1998 and ending
11 December 31, 1998, contribute to the unemployment compensation
12 fund 0.10% of wages paid with respect to the worker's employment
13 with a governmental employer electing or required to pay
14 contributions or nongovernmental employer, including a nonprofit
15 organization which is an employer as defined under paragraph (6)
16 of subsection (h) of R.S.43:21-19, regardless of whether that
17 nonprofit organization elects or is required to finance its benefit
18 costs with contributions to the fund or by payments in lieu of
19 contributions, after that employer has satisfied the conditions set
20 forth in subsection (h) of R.S.43:21-19 with respect to becoming an
21 employer, provided that the contributions shall be at the rate of
22 0.10% of wages paid with respect to employment with the State of
23 New Jersey or any other governmental entity or instrumentality
24 electing or required to make payments in lieu of contributions.

25 Each worker shall, starting on January 1, 1999 until December
26 31, 1999, contribute to the unemployment compensation fund
27 0.15% of wages paid with respect to the worker's employment with
28 a governmental employer electing or required to pay contributions
29 or nongovernmental employer, including a nonprofit organization
30 which is an employer as defined under paragraph (6) of subsection
31 (h) of R.S.43:21-19, regardless of whether that nonprofit
32 organization elects or is required to finance its benefit costs with
33 contributions to the fund or by payments in lieu of contributions,
34 after that employer has satisfied the conditions set forth in
35 subsection (h) of R.S.43:21-19 with respect to becoming an
36 employer, provided that the contributions shall be at the rate of
37 0.10% of wages paid with respect to employment with the State of
38 New Jersey or any other governmental entity or instrumentality
39 electing or required to make payments in lieu of contributions.

40 Each worker shall, starting on January 1, 2000 until December
41 31, 2001, contribute to the unemployment compensation fund
42 0.20% of wages paid with respect to the worker's employment with
43 a governmental employer electing or required to pay contributions
44 or nongovernmental employer, including a nonprofit organization
45 which is an employer as defined under paragraph (6) of subsection
46 (h) of R.S.43:21-19, regardless of whether that nonprofit
47 organization elects or is required to finance its benefit costs with
48 contributions to the fund or by payments in lieu of contributions,

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1 after that employer has satisfied the conditions set forth in
2 subsection (h) of R.S.43:21-19 with respect to becoming an
3 employer, provided that the contributions shall be at the rate of
4 0.10% of wages paid with respect to employment with the State of
5 New Jersey or any other governmental entity or instrumentality
6 electing or required to make payments in lieu of contributions.

7 Each worker shall, starting on January 1, 2002 until June 30,
8 2004, contribute to the unemployment compensation fund 0.1825%
9 of wages paid with respect to the worker's employment with a
10 governmental employer electing or required to pay contributions or
11 a nongovernmental employer, including a nonprofit organization
12 which is an employer as defined under paragraph (6) of subsection
13 (h) of R.S.43:21-19, regardless of whether that nonprofit
14 organization elects or is required to finance its benefit costs with
15 contributions to the fund or by payments in lieu of contributions,
16 after that employer has satisfied the conditions set forth in
17 subsection (h) of R.S.43:21-19 with respect to becoming an
18 employer, provided that the contributions shall be at the rate of
19 0.0825% of wages paid with respect to employment with the State
20 of New Jersey or any other governmental entity or instrumentality
21 electing or required to make payments in lieu of contributions.

22 Each worker shall, starting on and after July 1, 2004, contribute
23 to the unemployment compensation fund 0.3825% of wages paid
24 with respect to the worker's employment with a governmental
25 employer electing or required to pay contributions or
26 nongovernmental employer, including a nonprofit organization
27 which is an employer as defined under paragraph (6) of subsection
28 (h) of R.S.43:21-19, regardless of whether that nonprofit
29 organization elects or is required to finance its benefit costs with
30 contributions to the fund or by payments in lieu of contributions,
31 after that employer has satisfied the conditions set forth in
32 subsection (h) of R.S.43:21-19 with respect to becoming an
33 employer, provided that the contributions shall be at the rate of
34 0.0825% of wages paid with respect to employment with the State
35 of New Jersey or any other governmental entity or instrumentality
36 electing or required to make payments in lieu of contributions.

37 (E) Each employer shall, notwithstanding any provision of law
38 in this State to the contrary, withhold in trust the amount of his
39 workers' contributions from their wages at the time such wages are
40 paid, shall show such deduction on his payroll records, shall furnish
41 such evidence thereof to his workers as the division or controller
42 may prescribe, and shall transmit all such contributions, in addition
43 to his own contributions, to the office of the controller in such
44 manner and at such times as may be prescribed. If any employer
45 fails to deduct the contributions of any of his workers at the time
46 their wages are paid, or fails to make a deduction therefor at the
47 time wages are paid for the next succeeding payroll period, he alone
48 shall thereafter be liable for such contributions, and for the purpose

1 of R.S.43:21-14, such contributions shall be treated as employer's
2 contributions required from him.

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

6 (G) (i) Each worker shall, starting on July 1, 1994 and ending on
7 December 31, 2011, contribute to the State disability benefits fund
8 an amount equal to 0.50% of wages paid with respect to the
9 worker's employment with a government employer electing or
10 required to pay contributions to the State disability benefits fund or
11 nongovernmental employer, including a nonprofit organization
12 which is an employer as defined under paragraph (6) of subsection
13 (h) of R.S.43:21-19, unless the employer is covered by an approved
14 private disability plan or is exempt from the provisions of the
15 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25
16 et al.) under section 7 of that law (C.43:21-31) or any other
17 provision of that law. Each worker, with respect to the worker's
18 employment with a government employer electing or required to
19 pay contributions to the State disability benefits fund or
20 nongovernmental employer, including a nonprofit organization
21 which is an employer as defined under paragraph (6) of subsection
22 (h) 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
25 et al.) under section 7 of that law (C.43:21-31) or any other
26 provision of that law, shall, for calendar year 2012 and each
27 subsequent calendar year, make contributions to the State disability
28 benefits fund at the annual rate of contribution necessary to obtain a
29 total amount of contributions, which, when added to employer
30 contributions made to the State disability benefits fund pursuant to
31 subsection (e) of this section, is equal to 120% of the benefits paid
32 for periods of disability, excluding periods of family temporary
33 disability, during the immediately preceding calendar year plus an
34 amount equal to 100% of the cost of administration of the payment
35 of those benefits during the immediately preceding calendar year,
36 less the amount of net assets remaining in the State disability
37 benefits fund, excluding net assets remaining in the "Family
38 Temporary Disability Leave Account" of that fund, as of December
39 31 of the immediately preceding year. The rates of employer
40 contributions determined pursuant to subsection (e) of this section
41 for any year shall be determined prior to the determination of the
42 rate of employee contributions pursuant to this subparagraph (i) and
43 any consideration of employee contributions in determining
44 employer rates for any year shall be based on amounts of employee
45 contributions made prior to the year to which the rate of employee
46 contributions applies and shall not be based on any projection or
47 estimate of the amount of employee contributions for the year to
48 which that rate applies.

1 (ii) Each worker shall contribute to the State disability benefits
2 fund, in addition to any amount contributed pursuant to
3 subparagraph (i) of this paragraph (1)(G), an amount equal to,
4 during calendar year 2009, 0.09%, and during calendar year 2010
5 0.12%, of wages paid with respect to the worker's employment with
6 any covered employer, including a governmental employer which is
7 an employer as defined under R.S.43:21-19(h)(5), unless the
8 employer is covered by an approved private disability plan for
9 benefits during periods of family temporary disability leave. The
10 contributions made pursuant to this subparagraph (ii) to the State
11 disability benefits fund shall be deposited into an account of that
12 fund reserved for the payment of benefits during periods of family
13 temporary disability leave as defined in section 3 of the "Temporary
14 Disability Benefits Law," P.L.1948, c.110 (C.43:21-27) and for the
15 administration of those payments and shall not be used for any other
16 purpose. This account shall be known as the "Family Temporary
17 Disability Leave Account." For calendar year 2011 and each
18 subsequent calendar year, the annual rate of contribution to be paid
19 by workers pursuant to this subparagraph (ii) shall be the rate
20 necessary to obtain a total amount of contributions equal to 125% of
21 the benefits paid for periods of family temporary disability leave
22 during the immediately preceding calendar year plus an amount
23 equal to 100% of the cost of administration of the payment of those
24 benefits during the immediately preceding calendar year, less the
25 amount of net assets remaining in the account as of December 31 of
26 the immediately preceding year. Necessary administrative costs
27 shall include the cost of an outreach program to inform employees
28 of the availability of the benefits and the cost of issuing the reports
29 required or permitted pursuant to section 13 of P.L.2008, c.17
30 (C.43:21-39.4). No monies, other than the funds in the "Family
31 Temporary Disability Leave Account," shall be used for the
32 payment of benefits during periods of family temporary disability
33 leave or for the administration of those payments, with the sole
34 exception that, during calendar years 2008 and 2009, a total amount
35 not exceeding \$25 million may be transferred to that account from
36 the revenues received in the State disability benefits fund pursuant
37 to subparagraph (i) of this paragraph (1)(G) and be expended for
38 those payments and their administration, including the
39 administration of the collection of contributions made pursuant to
40 this subparagraph (ii) and any other necessary administrative costs.
41 Any amount transferred to the account pursuant to this
42 subparagraph (ii) shall be repaid during a period beginning not later
43 than January 1, 2011 and ending not later than December 31, 2015.
44 No monies, other than the funds in the "Family Temporary
45 Disability Leave Account," shall be used under any circumstances
46 after December 31, 2009, for the payment of benefits during periods
47 of family temporary disability leave or for the administration of

1 those payments, including for the administration of the collection of
2 contributions made pursuant to this subparagraph (ii).

3 (2) (A) (Deleted by amendment, P.L.1984, c.24.)
4 (B) (Deleted by amendment, P.L.1984, c.24.)
5 (C) (Deleted by amendment, P.L.1994, c.112.)
6 (D) (Deleted by amendment, P.L.1994, c.112.)
7 (E) (i) (Deleted by amendment, P.L.1994, c.112.)
8 (ii) (Deleted by amendment, P.L.1996, c.28.)
9 (iii) (Deleted by amendment, P.L.1994, c.112.)

10 (3) (A) If an employee receives wages from more than one
11 employer during any calendar year, and either the sum of his
12 contributions deposited in and credited to the State disability
13 benefits fund plus the amount of his contributions, if any, required
14 towards the costs of benefits under one or more approved private
15 plans under the provisions of section 9 of the "Temporary Disability
16 Benefits Law" (C.43:21-33) and deducted from his wages, or the
17 sum of such latter contributions, if the employee is covered during
18 such calendar year only by two or more private plans, exceeds an
19 amount equal to 1/2 of 1% of the "wages" determined in accordance
20 with the provisions of R.S.43:21-7(b)(3) during the calendar years
21 beginning on or after January 1, 1976 or, during calendar year 2012
22 or any subsequent calendar year, the total amount of his
23 contributions for the year exceeds the amount set by the annual rate
24 of contribution determined by the Commissioner of Labor and
25 Workforce Development pursuant to subparagraph (i) of paragraph
26 (1)(G) of this subsection (d), the employee shall be entitled to a
27 refund of the excess if he makes a claim to the controller within two
28 years after the end of the calendar year in which the wages are
29 received with respect to which the refund is claimed and establishes
30 his right to such refund. Such refund shall be made by the controller
31 from the State disability benefits fund. No interest shall be allowed
32 or paid with respect to any such refund. The controller shall, in
33 accordance with prescribed regulations, determine the portion of the
34 aggregate amount of such refunds made during any calendar year
35 which is applicable to private plans for which deductions were
36 made under section 9 of the "Temporary Disability Benefits Law"
37 (C.43:21-33) such determination to be based upon the ratio of the
38 amount of such wages exempt from contributions to such fund, as
39 provided in subparagraph (B) of paragraph (1) of this subsection
40 with respect to coverage under private plans, to the total wages so
41 exempt plus the amount of such wages subject to contributions to
42 the disability benefits fund, as provided in subparagraph (G) of
43 paragraph (1) of this subsection. The controller shall, in accordance
44 with prescribed regulations, prorate the amount so determined
45 among the applicable private plans in the proportion that the wages
46 covered by each plan bear to the total private plan wages involved
47 in such refunds, and shall assess against and recover from the
48 employer, or the insurer if the insurer has indemnified the employer

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

5 (B) If an employee receives wages from more than one employer
6 during any calendar year, and the sum of his contributions deposited
7 in the "Family Temporary Disability Leave Account" of the State
8 disability benefits fund plus the amount of his contributions, if any,
9 required towards the costs of family temporary disability leave
10 benefits under one or more approved private plans under the
11 provisions of the "Temporary Disability Benefits Law" (C.43:21-25
12 et al.) and deducted from his wages, exceeds an amount equal to,
13 during calendar year 2009, 0.09% of the "wages" determined in
14 accordance with the provisions of R.S.43:21-7(b)(3), or during
15 calendar year 2010, 0.12% of those wages, or, during calendar year
16 2011 or any subsequent calendar year, the percentage of those
17 wages set by the annual rate of contribution determined by the
18 Commissioner of Labor and Workforce Development pursuant to
19 subparagraph (ii) of paragraph (1)(G) of this subsection (d), the
20 employee shall be entitled to a refund of the excess if he makes a
21 claim to the controller within two years after the end of the calendar
22 year in which the wages are received with respect to which the
23 refund is claimed and establishes his right to the refund. The refund
24 shall be made by the controller from the "Family Temporary
25 Disability Leave Account" of the State disability benefits fund. No
26 interest shall be allowed or paid with respect to any such refund.
27 The controller shall, in accordance with prescribed regulations,
28 determine the portion of the aggregate amount of the refunds made
29 during any calendar year which is applicable to private plans for
30 which deductions were made under section 9 of the "Temporary
31 Disability Benefits Law" (C.43:21-33), with that determination
32 based upon the ratio of the amount of such wages exempt from
33 contributions to the fund, as provided in paragraph (1)(B) of this
34 subsection (d) with respect to coverage under private plans, to the
35 total wages so exempt plus the amount of such wages subject to
36 contributions to the "Family Temporary Disability Leave Account"
37 of the State disability benefits fund, as provided in subparagraph (ii)
38 of paragraph (1)(G) of this subsection (d). The controller shall, in
39 accordance with prescribed regulations, prorate the amount so
40 determined among the applicable private plans in the proportion
41 that the wages covered by each plan bear to the total private plan
42 wages involved in such refunds, and shall assess against and
43 recover from the employer, or the insurer if the insurer has
44 indemnified the employer with respect thereto, the prorated amount.
45 The provisions of R.S.43:21-14 with respect to collection of
46 employer contributions shall apply to such assessments. The
47 amount so recovered by the controller shall be paid into the "Family

1 Temporary Disability Leave Account" of the State disability
2 benefits fund.

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

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

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

28 (e) Contributions by employers to the State disability benefits
29 fund.

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

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

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

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

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

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

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

45 (1) Such preliminary rate shall be 1/2 of 1% unless on the
46 preceding January 31 of such year such employer shall have been a
47 covered employer who has paid contributions to the State disability

1 benefits fund with respect to employment in the three calendar
2 years immediately preceding such year.

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

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

10 (ii) $15/100$ of 1% if such excess over \$500.00 equals or exceeds
11 $1\ 1/4\%$ but is less than $1\ 1/2\%$ of his average annual payroll;

12 (iii) $1/10$ of 1% if such excess over \$500.00 equals or exceeds 1
13 $1/2\%$ of his average annual payroll.

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

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

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

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

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

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

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

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

41 (E) (1) Prior to July 1 of each calendar year the controller shall
42 determine the amount of the State disability benefits fund as of
43 December 31 of the preceding calendar year, increased by the
44 contributions paid thereto during January of the current calendar
45 year with respect to employment occurring in the preceding
46 calendar year. If such amount exceeds the net amount withdrawn
47 from the unemployment trust fund pursuant to section 23 of the
48 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-47)

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

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

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

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

24 (iii) If the percentage determined in accordance with
25 subparagraph (E)(1) of this paragraph is less than $\frac{3}{4}$ of 1%, but in
26 excess of $\frac{1}{4}$ of 1%, the final employer rates shall be the
27 preliminary employer rates determined as provided in subparagraph
28 (D) hereof increased by the difference between $\frac{3}{4}$ of 1% and such
29 percentage taken to the nearest $\frac{5}{100}$ of 1%; provided, however,
30 that no such final rate shall be more than $\frac{1}{4}$ of 1% in the case of an
31 employer whose preliminary rate is determined as provided in
32 subparagraph (D)(2) hereof, more than $\frac{1}{2}$ of 1% in the case of an
33 employer whose preliminary rate is determined as provided in
34 subparagraph (D)(1) and subparagraph (D)(3) hereof, nor more than
35 $\frac{3}{4}$ of 1% in the case of an employer whose preliminary rate is
36 determined as provided in subparagraph (D)(4) hereof.

37 (iv) If the amount of the State disability benefits fund determined
38 as provided in subparagraph (E)(1) of this paragraph is equal to or
39 less than $\frac{1}{4}$ of 1%, then the final rate shall be $\frac{2}{5}$ of 1% in the case
40 of an employer whose preliminary rate is determined as provided in
41 subparagraph (D)(2) hereof, $\frac{7}{10}$ of 1% in the case of an employer
42 whose preliminary rate is determined as provided in subparagraph
43 (D)(1) and subparagraph (D)(3) hereof, and 1.1% in the case of an
44 employer whose preliminary rate is determined as provided in
45 subparagraph (D)(4) hereof. Notwithstanding any other provision of
46 law or any determination made by the controller with respect to any
47 12-month period commencing on July 1, 1970, the final rates for all

1 employers for the period beginning January 1, 1971, shall be as set
2 forth herein.

3 (F) Notwithstanding any other provisions of this subsection (e),
4 the rate of contribution paid to the State disability benefits fund by
5 each covered employer as defined in paragraph (1) of subsection (a)
6 of section 3 of P.L.1948, c.110 (C.43:21-27), shall be determined as
7 if:

8 (i) No disability benefits have been paid with respect to periods
9 of family temporary disability leave;

10 (ii) No worker paid any contributions to the State disability
11 benefits fund pursuant to paragraph (1)(G)(ii) of subsection (d) of
12 this section; and

13 (iii) No amounts were transferred from the State disability
14 benefits fund to the "Family Temporary Disability Leave Account"
15 pursuant to paragraph (1)(G)(ii) of subsection (d) of this section.
16 (cf: P.L.2011, c.88, s.1)

17

18 2. This act shall take effect immediately.

19

20

21

STATEMENT

22

23 This bill reduces the unemployment insurance (UI) tax rates
24 which will be imposed on employers during fiscal year 2014 by
25 setting them based on the "E" column of the UI tax table in
26 R.S.43:21-7, but without the 10% surcharge provided by that law.
27 The UI tax rate which is being charged to employers during FY
28 2013 is based on column "E" of the tax table. Because the UI trust
29 fund is currently in deficit, the tax rate, under current law, would
30 increase, starting on July 1, 2013, to the highest tax rates set by the
31 law, the rates found in the "E" column, plus an additional 10%
32 surcharge. The bill reduces the UI tax burden on employers by
33 preventing the 10% surcharge from taking effect in fiscal year 2014.

SENATE LABOR COMMITTEE

STATEMENT TO

SENATE, No. 2404

STATE OF NEW JERSEY

DATED: JANUARY 14, 2013

The Senate Labor Committee reports favorably Senate Bill No. 2404.

This bill reduces the unemployment insurance (UI) tax rates which will be imposed on employers during fiscal year (FY) 2014 by setting them based on the “E” column of the UI tax table in R.S.43:21-7, but without the 10% surcharge provided by that law. The UI tax rate which is being charged to employers during FY 2013 is based on column “E” of the tax table. Because the UI trust fund is currently in deficit, the tax rate, under current law, would increase, starting on July 1, 2013, to the highest tax rates set by the law, the rates found in the “E” column, plus an additional 10% surcharge. The bill reduces the UI tax burden on employers by preventing the 10% surcharge from taking effect during FY 2014. The bill in effect suspends the 10% surcharge for the single fiscal year of 2014. Under the bill (as under current law), if the UI trust fund remains in deficit, the 10% surcharge will be imposed in FY 2015 (beginning July 1, 2014) as well as in any subsequent fiscal years for which the UI trust fund has a negative balance.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 2404
STATE OF NEW JERSEY
215th LEGISLATURE

DATED: JANUARY 18, 2013

SUMMARY

Synopsis: Eliminates 10 percent surcharge on employer UI taxes during fiscal year 2014.

Type of Impact: Revenue loss for the unemployment insurance compensation trust fund (UI trust fund).

Agencies Affected: Department of Labor and Workforce Development

Fiscal Impact	<u>Fiscal Year 2014</u>
Reduction in State Revenue	
UI trust fund	(\$300 million)

- The Office of Legislative Services (OLS) estimates that the elimination of the 10 percent surcharge proposed in this bill will result in a reduction of an estimated \$300 million in revenue anticipated to be collected for the unemployment insurance (UI) trust fund in fiscal year 2014.
- The OLS notes that the \$300 million reduction may result in the State borrowing additional funds from the federal government to provide unemployment benefits. The loan from the federal government has two costs for a majority of employers in the State: an increase in the federal unemployment tax for the time period that the State has an outstanding loan, and the repayment of the interest which accrues on the balance of that loan.

BILL DESCRIPTION

Senate Bill No. 2404 of 2012 reduces the UI tax rates which will be imposed on employers during fiscal year 2014 by setting them based on the “E” column of the UI tax table in R.S.43:21-7, but without the 10 percent surcharge provided by that law. The UI tax rate which is being charged to employers during fiscal year 2013 is based on column “E” of the tax table. Because the UI trust fund is currently in deficit, the tax rate, under current law, would increase starting on July 1, 2013, to the highest tax rates set by the law, the rates found in the “E” column

plus an additional 10 percent surcharge. The bill reduces the UI tax burden on employers by delaying the 10 percent surcharge from taking effect until the beginning of fiscal year 2015 (July 1, 2014).

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that Senate Bill No. 2404 will result in a reduction of an estimated \$300 million in revenue anticipated to be collected for the UI trust fund in fiscal year 2014 (beginning July 1, 2013). This estimate is based on analysis of data provided to the OLS from the Department of Labor and Workforce Development in their yearly cash flow analysis of the UI trust fund. The department estimated that the UI trust fund will collect approximately \$3 billion from employer contributions in fiscal year 2014 if the tax rate is set at the "E" column plus 10 percent. A reduction in the collection amount by 10 percent results in a reduction of the total tax collected by \$300 million.

Additionally, the OLS notes that the \$300 million reduction may result in the State borrowing additional funds from the federal government to provide unemployment benefits. The loan from the federal government has two costs related to it: an increase in the federal unemployment tax on employers for the time period that the State has an outstanding loan and an increase in accrued interest on the balance of that loan. Both of these costs are paid by employers in the State who pay unemployment insurance tax on their employees. The State and a majority of governmental entities in the State are reimbursable employers for unemployment insurance and as such, do not pay the additional costs for the outstanding loan or the accrued interest.

The elimination of the 10 percent surcharge may have an impact on the repayment of the federal loan to the UI trust fund. Pursuant to Sections 3302(c)(2) and 3302 (d)(3) of the Federal Unemployment Tax Act (FUTA), when a state has borrowed from the federal government and the loan is still outstanding on September 30 in the second year after the state first borrowed the money, then the employers' federal unemployment tax is essentially increased to pay back the principal of that loan the next calendar year. Employers in New Jersey have been paying additional federal unemployment tax since calendar year 2012 to repay the balance of the loan. The department's analysis indicates that, if the current tax structure is maintained, the UI trust fund will *not* have an outstanding balance to the federal government on September 30, 2013 and employers will no longer be subject to an increase in their federal unemployment tax as of January 2014. However, if the 10 percent surcharge is eliminated, the loan may not be paid off by September 30, 2013 and the increase in the federal unemployment tax will continue through calendar year 2014. However, the loan could also be paid off through a direct appropriation. The State could appropriate general funds to pay the loan and ensure that employers are not taxed the additional federal unemployment tax in 2014. The OLS cannot predict the behavior of the executive branch in this regard. Additionally, all of the estimates provided by the department are subject to change and the margins are so narrow, it is not possible for the OLS to predict the UI trust fund balance on September 30, 2013 at this time.

The reduction in revenue from the elimination of the 10 percent surcharge will also most likely result in the State borrowing additional funds from the federal government to pay benefits. The State must then repay this amount with accrued interest. The interest costs are charged to employers through an additional assessment paid on September 30 of each year. Two payments have been paid to the federal government for accrued interest in September 2011 and 2012. However, due to uncertainty on the amount to be borrowed, it is not possible to determine the costs of related interest.

In summary, the elimination of the surcharge will result in an estimated \$300 million reduction in revenue to be collected for the UI trust fund. The reduction may result in future increased costs for most employers in the State due to an increase in federal unemployment tax and in additional accrued interest.

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.).

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2404

STATE OF NEW JERSEY

DATED: FEBRUARY 4, 2013

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2404.

This bill reduces the unemployment insurance (UI) tax burden on employers during fiscal year (FY) 2014 by delaying the 10 percent surcharge that would otherwise take effect on July 1, 2013. Under the bill, the tax rate imposed on employers next fiscal year would remain at the FY 2013 level, and thus continue to be based on the “E” column of the UI tax table pursuant to R.S.43:21-7 and would not be subject to the surcharge.

Because the UI trust fund is currently in deficit, the tax rate, under current law, would increase, starting on July 1, 2013, to the highest statutory tax rates, the rates found in the “E” column, plus an additional 10% surcharge. This bill reduces the UI tax burden on employers by suspending the 10% surcharge for the single Fiscal Year of 2014. Under the bill (as under current law), if the UI reserve fund ratio, based on the fund balance as of the prior March 31, is less than 1%, the 10% surcharge would be imposed in FY 2015 (beginning July 1, 2014) as well as in any subsequent fiscal years for which the UI trust fund has a negative balance, absent further legislative action.

FISCAL IMPACT:

The OLS estimates that this bill will result in an estimated \$300 million reduction in revenue to be collected for the UI trust fund. The reduction may result in future increased costs for most employers in the State due to an increase in federal unemployment tax and in additional accrued interest as explained further below.

The estimated reduction in revenue to be collected by the UI trust fund in fiscal year 2014 (beginning July 1, 2013) is based on an analysis of data provided by the Department of Labor and Workforce Development in their yearly cash flow analysis of the UI trust fund. The department estimated that the UI trust fund will collect approximately \$3 billion from employer contributions in fiscal year 2014 if the tax rate is set at the “E” column plus 10 percent. A reduction in the collection amount by 10 percent results in a reduction of the total tax collected by \$300 million.

Additionally, the OLS notes that the \$300 million reduction may result in the State borrowing additional funds from the federal

government to provide unemployment benefits. The loan from the federal government has two costs related to it: an increase in the federal unemployment tax on employers for the time period that the State has an outstanding loan and an increase in accrued interest on the balance of that loan. Both of these costs are paid by employers in the State who pay unemployment insurance tax on their employees. The State and a majority of governmental entities in the State are reimbursable employers for unemployment insurance and as such, do not pay the additional costs for the outstanding loan or the accrued interest.

The elimination of the 10 percent surcharge may have an impact on the repayment of the federal loan to the UI trust fund. Pursuant to Sections 3302(c)(2) and 3302 (d)(3) of the Federal Unemployment Tax Act (FUTA), when a state has borrowed from the federal government and the loan is still outstanding on September 30 in the second year after the state first borrowed the money, then the employers' federal unemployment tax is essentially increased to pay back the principal of that loan the next calendar year. Employers in New Jersey have been paying additional federal unemployment tax since calendar year 2012 to repay the balance of the loan. The department's analysis indicates that, if the current tax structure is maintained, the UI trust fund will *not* have an outstanding balance to the federal government on September 30, 2013 and employers will no longer be subject to an increase in their federal unemployment tax as of January 2014. However, if the 10 percent surcharge is eliminated, the loan may not be paid off by September 30, 2013 and the increase in the federal unemployment tax will continue through calendar year 2014. However, the loan could also be paid off through a direct appropriation. The State could appropriate general funds to pay the loan and ensure that employers are not taxed the additional federal unemployment tax in 2014. The OLS cannot predict the behavior of the executive branch in this regard. Additionally, all of the estimates provided by the department are subject to change and the margins are so narrow, it is not possible for the OLS to predict the UI trust fund balance on September 30, 2013 at this time.

The reduction in revenue from the elimination of the 10 percent surcharge will also most likely result in the State borrowing additional funds from the federal government to pay benefits. The State must then repay this amount with accrued interest. The interest costs are charged to employers through an additional assessment paid on September 30 of each year. Two payments have been paid to the federal government for accrued interest in September 2011 and 2012. However, due to uncertainty on the amount to be borrowed, it is not possible to determine the costs of related interest.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2404

STATE OF NEW JERSEY

DATED: JUNE 6, 2013

The Assembly Appropriations Committee reports favorably Senate Bill No. 2404.

This bill reduces the amount of unemployment insurance (UI) taxes imposed on employers by eliminating, during fiscal year 2014, the 10% surcharge which would otherwise be imposed pursuant to R.S.43:21-7. Without the changes made by the bill, current law imposes that 10% surcharge during fiscal year 2014, because the UI trust fund reserve ratio is currently less than 1%. The bill also restores, for all years after fiscal year 2014, the provision of the law that provides for the imposition of the 10% surcharge whenever the UI trust fund reserve ratio is less than 1%.

As reported, this bill is identical to Assembly Bill Nos. 4112 and 3675 (ACS), as also reported by the committee.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates this bill will result in a \$300 million reduction in revenue to be collected for the UI trust fund. The reduction may result in future increased costs for most employers in the State due to an increase in federal unemployment tax and in additional accrued interest.

The estimated reduction in revenue to be collected by the UI trust fund in fiscal year 2014 is based on an analysis of data provided by the Department of Labor and Workforce Development in its yearly analysis of the UI trust fund. The department estimated that the UI trust fund will collect approximately \$3 billion from employer contributions in fiscal year 2014 if the tax rate is set at the "E" column plus 10 percent. A reduction in the collection amount by 10 percent results in a reduction of the total tax collected by \$300 million.

Additionally, the OLS notes that the \$300 million reduction may result in the State borrowing additional funds from the federal government to provide unemployment benefits. The loan from the federal government has two costs related to it: an increase in the federal unemployment tax on employers for the time period that the State has an outstanding loan and an increase in accrued interest on the balance of that loan. Both of these costs are paid by employers in the State who pay unemployment insurance tax on their employees. The State and a majority of governmental entities in the State are

reimbursable employers for unemployment insurance and do not pay the additional costs for the outstanding loan or the accrued interest.

The elimination of the 10 percent surcharge may have an impact on the repayment of the federal loan to the UI trust fund. Pursuant to federal law, when a state has borrowed from the federal government and the loan is still outstanding on September 30 in the second year after the state first borrowed the money, then the employers' federal unemployment tax is essentially increased to pay back the principal of that loan the next calendar year. Employers in New Jersey have been paying additional federal unemployment tax since calendar year 2012 to repay the balance of the loan. The department's analysis indicates that, if the current tax structure is maintained, the UI trust fund will not have an outstanding balance to the federal government on September 30, 2013 and employers will no longer be subject to an increase in their federal unemployment tax as of January 2014. However, if the 10 percent surcharge is eliminated, the loan may not be paid off by September 30, 2013 and the increase in the federal unemployment tax will continue through calendar year 2014. However, the loan could also be paid off through a direct appropriation. The State could appropriate general funds to pay the loan and ensure that employers are not taxed the additional federal unemployment tax in 2014. The OLS cannot predict the behavior of the Executive in this regard. Additionally, all of the estimates provided by the department are subject to change and the margins are so narrow, it is not possible for the OLS to predict the UI trust fund balance on September 30, 2013 at this time.

The reduction in revenue from the elimination of the 10 percent surcharge may also result in the State borrowing additional funds from the federal government to pay benefits. The State must then repay this amount with accrued interest. The interest costs are charged to employers through an additional assessment paid on September 30 of each year. Two payments have been paid to the federal government for accrued interest in September 2011 and 2012. However, due to uncertainty on the amount to be borrowed, it is not possible to determine the costs of related interest.

ASSEMBLY, No. 4112

STATE OF NEW JERSEY

215th LEGISLATURE

INTRODUCED MAY 13, 2013

Sponsored by:

Assemblyman TIMOTHY J. EUSTACE

District 38 (Bergen and Passaic)

Assemblyman TROY SINGLETON

District 7 (Burlington)

Assemblywoman CONNIE WAGNER

District 38 (Bergen and Passaic)

Assemblyman JOSEPH V. EGAN

District 17 (Middlesex and Somerset)

SYNOPSIS

Suspends 10% surcharge on employer UI taxes for one year.

CURRENT VERSION OF TEXT

As introduced.



A4112 EUSTACE, SINGLETON

2

1 AN ACT concerning a surcharge on employer unemployment
2 compensation taxes and amending R.S.43:21-7.

3

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

6

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

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

19 (a) Payment.

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

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

32 (b) Rate of contributions. Each employer shall pay the following
33 contributions:

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

38 (2) The "wages" of any individual, with respect to any one
39 employer, as the term is used in this subsection (b) and in
40 subsections (c), (d) and (e) of this section 7, shall include the first
41 \$4,800.00 paid during calendar year 1975, for services performed
42 either within or without this State; provided that no contribution
43 shall be required by this State with respect to services performed in
44 another state if such other state imposes contribution liability with
45 respect thereto. If an employer (hereinafter referred to as a

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 successor employer) during any calendar year acquires substantially
2 all the property used in a trade or business of another employer
3 (hereinafter referred to as a predecessor), or used in a separate unit
4 of a trade or business of a predecessor, and immediately after the
5 acquisition employs in his trade or business an individual who
6 immediately prior to the acquisition was employed in the trade or
7 business of such predecessors, then, for the purpose of determining
8 whether the successor employer has paid wages with respect to
9 employment equal to the first \$4,800.00 paid during calendar year
10 1975, any wages paid to such individual by such predecessor during
11 such calendar year and prior to such acquisition shall be considered
12 as having been paid by such successor employer.

13 (3) For calendar years beginning on and after January 1, 1976,
14 the "wages" of any individual, as defined in the preceding
15 paragraph (2) of this subsection (b), shall be established and
16 promulgated by the Commissioner of Labor and Workforce
17 Development on or before September 1 of the preceding year and
18 shall be, 28 times the Statewide average weekly remuneration paid
19 to workers by employers, as determined under R.S.43:21-3(c),
20 raised to the next higher multiple of \$100.00 if not already a
21 multiple thereof, provided that if the amount of wages so
22 determined for a calendar year is less than the amount similarly
23 determined for the preceding year, the greater amount will be used;
24 provided, further, that if the amount of such wages so determined
25 does not equal or exceed the amount of wages as defined in
26 subsection (b) of section 3306 of the Internal Revenue Code of
27 1986 (26 U.S.C. s.3306(b)), the wages as determined in this
28 paragraph in any calendar year shall be raised to equal the amount
29 established under the "Federal Unemployment Tax Act," chapter 23
30 of the Internal Revenue Code of 1986 (26 U.S.C. s.3301 et seq.), for
31 that calendar year.

32 (c) Future rates based on benefit experience.

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

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4

1 against the account or accounts of the employer or employers in
2 whose employment such individual established base weeks
3 constituting the basis of such benefits, except that, with respect to
4 benefit years commencing after January 4, 1998, an employer's
5 account shall not be charged for benefits paid to a claimant if the
6 claimant's employment by that employer was ended in any way
7 which, pursuant to subsection (a), (b), (c), (f), (g) or (h) of
8 R.S.43:21-5, would have disqualified the claimant for benefits if the
9 claimant had applied for benefits at the time when that employment
10 ended. Benefits paid under a given benefit determination shall be
11 charged against the account of the employer to whom such
12 determination relates. When each benefit payment is made,
13 notification shall be promptly provided to each employer included
14 in the unemployment insurance monetary calculation of benefits.
15 Such notification shall identify the employer against whose account
16 the amount of such payment is being charged, shall show at least
17 the name and social security account number of the claimant and
18 shall specify the period of unemployment to which said benefit
19 payment applies.

20 An annual summary statement of unemployment benefits
21 charged to the employer's account shall be provided.

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

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

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

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- 1 (1) 2 5/10%, if such excess equals or exceeds 4%, but less than
2 5%, of his average annual payroll (as defined in paragraph (2),
3 subsection (a) of R.S.43:21-19);
- 4 (2) 2 2/10%, if such excess equals or exceeds 5%, but is less
5 than 6%, of his average annual payroll;
- 6 (3) 1 9/10%, if such excess equals or exceeds 6%, but is less
7 than 7%, of his average annual payroll;
- 8 (4) 1 6/10%, if such excess equals or exceeds 7%, but is less
9 than 8%, of his average annual payroll;
- 10 (5) 1 3/10%, if such excess equals or exceeds 8%, but is less
11 than 9%, of his average annual payroll;
- 12 (6) 1%, if such excess equals or exceeds 9%, but is less than
13 10%, of his average annual payroll;
- 14 (7) 7/10 of 1%, if such excess equals or exceeds 10%, but is less
15 than 11%, of his average annual payroll;
- 16 (8) 4/10 of 1%, if such excess equals or exceeds 11% of his
17 average annual payroll.
- 18 (B) If the total of an employer's contributions, paid on his own
19 behalf, for all past periods for the purposes of this paragraph (4), is
20 less than the total benefits charged against his account during the
21 same period, his rate shall be:
- 22 (1) 4%, if such excess is less than 10% of his average annual
23 payroll;
- 24 (2) 4 3/10%, if such excess equals or exceeds 10%, but is less
25 than 20%, of his average annual payroll;
- 26 (3) 4 6/10%, if such excess equals or exceeds 20% of his
27 average annual payroll.
- 28 (C) Specially assigned rates.
- 29 (i) If no contributions were paid on wages for employment in
30 any calendar year used in determining the average annual payroll of
31 an employer eligible for an assigned rate under this paragraph (4),
32 the employer's rate shall be specially assigned as follows:
- 33 if the reserve balance in its account is positive, its assigned rate
34 shall be the highest rate in effect for positive balance accounts for
35 that period, or 5.4%, whichever is higher, and
- 36 if the reserve balance in its account is negative, its assigned rate
37 shall be the highest rate in effect for deficit accounts for that period.
- 38 (ii) If, following the purchase of a corporation with little or no
39 activity, known as a corporate shell, the resulting employing unit
40 operates a new or different business activity, the employing unit
41 shall be assigned a new employer rate.
- 42 (iii) Entities operating under common ownership, management or
43 control, when the operation of the entities is not identifiable,
44 distinguishable and severable, shall be considered a single employer
45 for the purposes of this chapter (R.S.43:21-1 et seq.).
- 46 (D) The contribution rates prescribed by subparagraphs (A) and
47 (B) of this paragraph (4) shall be increased or decreased in

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6

1 accordance with the provisions of paragraph (5) of this subsection
2 (c) for experience rating periods through June 30, 1986.

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

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

41 (B) If on March 31 of any calendar year the balance in the
42 unemployment trust fund equals or exceeds 10% but is less than $12\frac{1}{2}\%$
43 of the total taxable wages reported to the controller as of that
44 date in respect to employment during the preceding calendar year,
45 the contribution rate, effective July 1 following, of each employer
46 eligible for a contribution rate calculation based upon benefit
47 experience, shall be reduced by $\frac{3}{10}$ of 1% under the contribution
48 rate otherwise established under the provisions of paragraphs (3)

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

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

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

29 (E) (i) (Deleted by amendment, P.L.1997, c.263).

30 (ii) (Deleted by amendment, P.L.2001, c.152).

31 (iii) (Deleted by amendment, P.L.2003, c.107).

32 (iv) (Deleted by amendment, P.L.2004, c.45).

33 (v) (Deleted by amendment, P.L.2008, c.17).

34 (vi) [With respect to experience rating years beginning on or
35 after July 1, 2004, and before July 1, 2011, the new employer rate
36 or the unemployment experience rate of an employer under this
37 section shall be the rate which appears in the column headed by the
38 Unemployment Trust Fund Reserve Ratio as of the applicable
39 calculation date and on the line with the Employer Reserve Ratio,
40 as defined in paragraph (4) of this subsection (R.S.43:21-7 (c)(4)),
41 as set forth in the following table:

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EXPERIENCE RATING TAX TABLE		Fund Reserve Ratio ¹				
		1.40%	1.00%	0.75%	0.50%	0.49%
Employer Reserve Ratio ²		and Over	to 1.39%	to 0.99%	to 0.74%	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. , c.) (pending before the Legislature as this bill).

(vii) With respect to experience rating years beginning on or after July 1, 2011, 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)

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1 of this subsection (R.S.43:21-7 (c)(4)), as set forth in the following
2 table:

3 **EXPERIENCE RATING TAX TABLE**

4 **Fund Reserve Ratio¹**

5	3.50%	3.00%	2.5%	2.0%	1.99%
6 Employer	and	to	to	to	and
7 Reserve	Over	3.49%	2.99%	2.49%	Under
8 Ratio ²	A	B	C	D	E
9 Positive Reserve Ratio:					
10 17% and over	0.3	0.4	0.5	0.6	1.2
11 16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
12 15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
13 14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
14 13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
15 12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
16 11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
17 10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
18 9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
19 8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
20 7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
21 6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
22 5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
23 4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
24 3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
25 2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
26 1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
27 0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
28 Deficit Reserve Ratio:					
29 -0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
30 -3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
31 -6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
32 -9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4
33 -12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5
34 -15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6
35 -20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7
36 -25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8
37 -30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9
38 -35.00% and under	5.4	5.4	5.8	6.4	7.0
39 New Employer Rate	2.8	2.8	2.8	3.1	3.4

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

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

44 (F) (i) (Deleted by amendment, P.L.1997, c.263).

45 (ii) (Deleted by amendment, P.L.2008, c.17).

46 (iii) **【**With respect to experience rating years beginning on or
47 after July 1, 2004 and before July 1, 2011, if the fund reserve ratio,

1 based on the fund balance as of the prior March 31, is less than
2 0.50%, the contribution rate for each employer liable to pay
3 contributions, as computed under subparagraph (E) of this
4 paragraph (5), shall be increased by a factor of 10% computed to
5 the nearest multiple of 1/10% if not already a multiple thereof]
6 (Deleted by amendment, P.L. _____, c. _____) (pending before the
7 Legislature as this bill).

8 (iv) With respect to experience rating years beginning on or after
9 July 1, 2011 and before July 1, 2013, if the fund reserve ratio, based
10 on the fund balance as of the prior March 31, is less than 1.0%, the
11 contribution rate for each employer liable to pay contributions, as
12 computed under subparagraph (E) of this paragraph (5), shall be
13 increased by a factor of 10% computed to the nearest multiple of
14 1/10% if not already a multiple thereof.

15 (v) With respect to any experience rating year beginning on or
16 after July 1, 2014, if the fund reserve ratio, based on the fund
17 balance on the prior March 31, is less than 1.0%, the contribution
18 rate for each employer liable to pay contributions, as computed
19 pursuant to subparagraph (E) of this paragraph (5), shall be
20 increased by a factor of 10%, computed to the nearest multiple of
21 1/10%.

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

33 (H) On and after January 1, 1998 until December 31, 2000 and
34 on or after January 1, 2002 until June 30, 2006, the contribution rate
35 for each employer liable to pay contributions, as computed under
36 subparagraph (E) of this paragraph (5), shall be decreased by a
37 factor, as set out below, computed to the nearest multiple of 1/10%,
38 except that, if an employer has a deficit reserve ratio of negative
39 35.0% or under, the employer's rate of contribution shall not be
40 reduced pursuant to this subparagraph (H) to less than 5.4%:

41 From January 1, 1998 until December 31, 1998, a factor of 12%;

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

43 From January 1, 2000 until December 31, 2000, a factor of 7%;

44 From January 1, 2002 until March 31, 2002, a factor of 36%;

45 From April 1, 2002 until June 30, 2002, a factor of 85%;

46 From July 1, 2002 until June 30, 2003, a factor of 15%;

47 From July 1, 2003 until June 30, 2004, a factor of 15%;

48 From July 1, 2004 until June 30, 2005, a factor of 7%;

1 From July 1, 2005 until December 31, 2005, a factor of 16%; and
2 From January 1, 2006 until June 30, 2006, a factor of 34%.

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

11 (I) (Deleted by amendment, P.L.2008, c.17).

12 (J) On or after July 1, 2001, notwithstanding any other
13 provisions of this paragraph (5), the contribution rate for each
14 employer liable to pay contributions, as computed under
15 subparagraph (E) of this paragraph (5), shall be decreased by
16 0.0175%, except that, during any experience rating year starting on
17 or after July 1, 2001, in which the fund reserve ratio is equal to or
18 greater than 3.5%, there shall be no decrease pursuant to this
19 subparagraph (J) in the contribution of any employer who has a
20 deficit reserve ratio of negative 35.00% or under. The amount of the
21 reduction in the employer contributions stipulated by this
22 subparagraph (J) shall be in addition to the amount of the reduction
23 in the employer contributions stipulated by subparagraphs (G) and
24 (H) of this paragraph (5), except that the rate of contribution of an
25 employer who has a deficit reserve ratio of negative 35.0% or under
26 shall not be reduced pursuant to this subparagraph (J) to less than
27 5.4% and the rate of contribution of any other employer shall not be
28 reduced to less than 0.0%.

29 (K) With respect to experience rating years beginning on or after
30 July 1, 2009, if the fund reserve ratio, based on the fund balance as
31 of the prior March 31, is:

32 (i) Equal to or greater than 5.00% but less than 7.5%, the
33 contribution rate for each employer liable to pay contributions, as
34 computed under subparagraph (E) of this paragraph (5), shall be
35 reduced by a factor of 25% computed to the nearest multiple of
36 1/10% if not already a multiple thereof except that there shall be no
37 decrease pursuant to this subparagraph (K) in the contribution of
38 any employer who has a deficit reserve ratio of 35.00% or under;

39 (ii) Equal to or greater than 7.5%, the contribution rate for each
40 employer liable to pay contributions, as computed under
41 subparagraph (E) of this paragraph (5), shall be reduced by a factor
42 of 50% computed to the nearest multiple of 1/10% if not already a
43 multiple thereof except that there shall be no decrease pursuant to
44 this subparagraph (K) in the contribution of any employer who has
45 a deficit reserve ratio of 35.00% or under.

46 (L) Notwithstanding any other provision of this paragraph (5)
47 and notwithstanding the actual fund reserve ratio, the contribution
48 rate for employers liable to pay contributions, as computed under

1 subparagraph (E) of this paragraph (5), shall be, for fiscal year
2 2011, the rates set by column "C" of the table in that subparagraph.

3 (M) Notwithstanding any other provision of this paragraph (5)
4 and notwithstanding the actual fund reserve ratio, the contribution
5 rate for employers liable to pay contributions, as computed under
6 subparagraph (E) of this paragraph (5), shall be, for fiscal year
7 2012, the rates set by column "D" of the table in that subparagraph.

8 (N) Notwithstanding any other provision of this paragraph (5)
9 and notwithstanding the actual fund reserve ratio, the contribution
10 rate for employers liable to pay contributions, as computed under
11 subparagraph (E) of this paragraph (5), shall be, for fiscal year
12 2013, the rates set by column "E" of the table in that subparagraph.

13 (6) Additional contributions.

14 Notwithstanding any other provision of law, any employer who
15 has been assigned a contribution rate pursuant to subsection (c) of
16 this section for the year commencing July 1, 1948, and for any year
17 commencing July 1 thereafter, may voluntarily make payment of
18 additional contributions, and upon such payment shall receive a
19 recomputation of the experience rate applicable to such employer,
20 including in the calculation the additional contribution so made,
21 except that, following a transfer as described under R.S.43:21-
22 7(c)(7)(D), neither the predecessor nor successor in interest shall be
23 eligible to make a voluntary payment of additional contributions
24 during the year the transfer occurs and the next full calendar year.
25 Any such additional contribution shall be made during the 30-day
26 period following the notification to the employer of his contribution
27 rate as prescribed in this section, unless, for good cause, the time
28 for payment has been extended by the controller for not to exceed
29 an additional 60 days; provided that in no event may such payments
30 which are made later than 120 days after the beginning of the year
31 for which such rates are effective be considered in determining the
32 experience rate for the year in which the payment is made. Any
33 employer receiving any extended period of time within which to
34 make such additional payment and failing to make such payment
35 timely shall be, in addition to the required amount of additional
36 payment, liable for a penalty of 5% thereof or \$5.00, whichever is
37 greater, not to exceed \$50.00. Any adjustment under this subsection
38 shall be made only in the form of credits against accrued or future
39 contributions.

40 (7) Transfers.

41 (A) Upon the transfer of the organization, trade or business, or
42 substantially all the assets of an employer to a successor in interest,
43 whether by merger, consolidation, sale, transfer, descent or
44 otherwise, the controller shall transfer the employment experience
45 of the predecessor employer to the successor in interest, including
46 credit for past years, contributions paid, annual payrolls, benefit
47 charges, et cetera, applicable to such predecessor employer,
48 pursuant to regulation, if it is determined that the employment

1 experience of the predecessor employer with respect to the
2 organization, trade, assets or business which has been transferred
3 may be considered indicative of the future employment experience
4 of the successor in interest. The successor in interest may, within
5 four months of the date of such transfer of the organization, trade,
6 assets or business, or thereafter upon good cause shown, request a
7 reconsideration of the transfer of employment experience of the
8 predecessor employer. The request for reconsideration shall
9 demonstrate, to the satisfaction of the controller, that the
10 employment experience of the predecessor is not indicative of the
11 future employment experience of the successor.

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

30 (C) A transfer of the employment experience in whole or in part
31 having become final, the predecessor employer thereafter shall not
32 be entitled to consideration for an adjusted rate based upon his or its
33 experience or the part thereof, as the case may be, which has thus
34 been transferred. A successor in interest to whom employment
35 experience or a part thereof is transferred pursuant to this
36 subsection shall, as of the date of the transfer of the organization,
37 trade, assets or business, or part thereof, immediately become an
38 employer if not theretofore an employer subject to this chapter
39 (R.S.43:21-1 et seq.).

40 (D) If an employer transfers in whole or in part his or its
41 organization, trade, assets or business to a successor in interest,
42 whether by merger, consolidation, sale, transfer, descent or
43 otherwise and both the employer and successor in interest are at the
44 time of the transfer under common ownership, management or
45 control, then the employment experience attributable to the
46 transferred business shall also be transferred to and combined with
47 the employment experience of the successor in interest. The transfer

1 of the employment experience is mandatory and not subject to
2 appeal or protest.

3 (E) The transfer of part of an employer's employment experience
4 to a successor in interest shall become effective as of the first day of
5 the calendar quarter following the acquisition by the successor in
6 interest. As of the effective date, the successor in interest shall have
7 its employer rate recalculated by merging its existing employment
8 experience, if any, with the employment experience acquired. If the
9 successor in interest is not an employer as of the date of acquisition,
10 it shall be assigned the new employer rate until the effective date of
11 the transfer of employment experience.

12 (F) Upon the transfer in whole or in part of the organization,
13 trade, assets or business to a successor in interest, the employment
14 experience shall not be transferred if the successor in interest is not
15 an employer at the time of the acquisition and the controller finds
16 that the successor in interest acquired the business solely or
17 primarily for the purpose of obtaining a lower rate of contributions.

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

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

34 (B) Effective January 1, 1978 there shall be no contributions by
35 workers in the employ of any governmental or nongovernmental
36 employer electing or required to make payments in lieu of
37 contributions unless the employer is covered by the State plan under
38 the "Temporary Disability Benefits Law" (C.43:21-25 et al.), and in
39 that case contributions shall be at the rate of 1/2 of 1%, except that
40 commencing July 1, 1986, workers in the employ of any
41 nongovernmental employer electing or required to make payments
42 in lieu of contributions shall be required to make contributions to
43 the fund at the same rate prescribed for workers of other
44 nongovernmental employers.

45 (C) (i) Notwithstanding the above provisions of this paragraph
46 (1), during the period starting July 1, 1986 and ending December
47 31, 1992, each worker shall contribute to the fund 1.125% of wages
48 paid with respect to his employment with a governmental employer

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

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

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

1 law, or is covered for disability benefits by an approved private plan
2 of the employer, no contributions shall be made to the fund.

3 Each worker shall, starting on January 1, 1996 and ending March
4 31, 1996, contribute to the unemployment compensation fund
5 0.60% of wages paid with respect to the worker's employment with
6 a governmental employer electing or required to pay contributions
7 or nongovernmental employer, including a nonprofit organization
8 which is an employer as defined under paragraph (6) of subsection
9 (h) of R.S.43:21-19, regardless of whether that nonprofit
10 organization elects or is required to finance its benefit costs with
11 contributions to the fund or by payments in lieu of contributions,
12 after that employer has satisfied the conditions set forth in
13 subsection (h) of R.S.43:21-19 with respect to becoming an
14 employer, provided that the contributions shall be at the rate of
15 0.10% of wages paid with respect to employment with the State of
16 New Jersey or any other governmental entity or instrumentality
17 electing or required to make payments in lieu of contributions.

18 Each worker shall, starting on January 1, 1998 and ending
19 December 31, 1998, contribute to the unemployment compensation
20 fund 0.10% of wages paid with respect to the worker's employment
21 with a governmental employer electing or required to pay
22 contributions or nongovernmental employer, including a nonprofit
23 organization which is an employer as defined under paragraph (6)
24 of subsection (h) of R.S.43:21-19, regardless of whether that
25 nonprofit organization elects or is required to finance its benefit
26 costs with contributions to the fund or by payments in lieu of
27 contributions, after that employer has satisfied the conditions set
28 forth in subsection (h) of R.S.43:21-19 with respect to becoming an
29 employer, provided that the contributions shall be at the rate of
30 0.10% of wages paid with respect to employment with the State of
31 New Jersey or any other governmental entity or instrumentality
32 electing or required to make payments in lieu of contributions.

33 Each worker shall, starting on January 1, 1999 until December
34 31, 1999, contribute to the unemployment compensation fund
35 0.15% of wages paid with respect to the worker's employment with
36 a governmental employer electing or required to pay contributions
37 or nongovernmental employer, including a nonprofit organization
38 which is an employer as defined under paragraph (6) of subsection
39 (h) of R.S.43:21-19, regardless of whether that nonprofit
40 organization elects or is required to finance its benefit costs with
41 contributions to the fund or by payments in lieu of contributions,
42 after that employer has satisfied the conditions set forth in
43 subsection (h) of R.S.43:21-19 with respect to becoming an
44 employer, provided that the contributions shall be at the rate of
45 0.10% of wages paid with respect to employment with the State of
46 New Jersey or any other governmental entity or instrumentality
47 electing or required to make payments in lieu of contributions.

1 Each worker shall, starting on January 1, 2000 until December
2 31, 2001, contribute to the unemployment compensation fund
3 0.20% of wages paid with respect to the worker's employment with
4 a governmental employer electing or required to pay contributions
5 or nongovernmental employer, including a nonprofit organization
6 which is an employer as defined under paragraph (6) of subsection
7 (h) of R.S.43:21-19, regardless of whether that nonprofit
8 organization elects or is required to finance its benefit costs with
9 contributions to the fund or by payments in lieu of contributions,
10 after that employer has satisfied the conditions set forth in
11 subsection (h) of R.S.43:21-19 with respect to becoming an
12 employer, provided that the contributions shall be at the rate of
13 0.10% of wages paid with respect to employment with the State of
14 New Jersey or any other governmental entity or instrumentality
15 electing or required to make payments in lieu of contributions.

16 Each worker shall, starting on January 1, 2002 until June 30,
17 2004, contribute to the unemployment compensation fund 0.1825%
18 of wages paid with respect to the worker's employment with a
19 governmental employer electing or required to pay contributions or
20 a nongovernmental employer, including a nonprofit organization
21 which is an employer as defined under paragraph (6) of subsection
22 (h) of R.S.43:21-19, regardless of whether that nonprofit
23 organization elects or is required to finance its benefit costs with
24 contributions to the fund or by payments in lieu of contributions,
25 after that employer has satisfied the conditions set forth in
26 subsection (h) of R.S.43:21-19 with respect to becoming an
27 employer, provided that the contributions shall be at the rate of
28 0.0825% of wages paid with respect to employment with the State
29 of New Jersey or any other governmental entity or instrumentality
30 electing or required to make payments in lieu of contributions.

31 Each worker shall, starting on and after July 1, 2004, contribute
32 to the unemployment compensation fund 0.3825% of wages paid
33 with respect to the worker's employment with a governmental
34 employer electing or required to pay contributions or
35 nongovernmental employer, including a nonprofit organization
36 which is an employer as defined under paragraph (6) of subsection
37 (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,
40 after that employer has satisfied the conditions set forth in
41 subsection (h) of R.S.43:21-19 with respect to becoming an
42 employer, provided that the contributions shall be at the rate of
43 0.0825% of wages paid with respect to employment with the State
44 of New Jersey or any other governmental entity or instrumentality
45 electing or required to make payments in lieu of contributions.

46 (E) Each employer shall, notwithstanding any provision of law
47 in this State to the contrary, withhold in trust the amount of his
48 workers' contributions from their wages at the time such wages are

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

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

15 (G) (i) Each worker shall, starting on July 1, 1994 and ending on
16 December 31, 2011, contribute to the State disability benefits fund
17 an amount equal to 0.50% of wages paid with respect to the
18 worker's employment with a government employer electing or
19 required to pay contributions to the State disability benefits fund or
20 nongovernmental employer, including a nonprofit organization
21 which is an employer as defined under paragraph (6) of subsection
22 (h) 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
25 et al.) under section 7 of that law (C.43:21-31) or any other
26 provision of that law. Each worker, with respect to the worker's
27 employment with a government employer electing or required to
28 pay contributions to the State disability benefits fund or
29 nongovernmental employer, including a nonprofit organization
30 which is an employer as defined under paragraph (6) of subsection
31 (h) of R.S.43:21-19, unless the employer is covered by an approved
32 private disability plan or is exempt from the provisions of the
33 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25
34 et al.) under section 7 of that law (C.43:21-31) or any other
35 provision of that law, shall, for calendar year 2012 and each
36 subsequent calendar year, make contributions to the State disability
37 benefits fund at the annual rate of contribution necessary to obtain a
38 total amount of contributions, which, when added to employer
39 contributions made to the State disability benefits fund pursuant to
40 subsection (e) of this section, is equal to 120% of the benefits paid
41 for periods of disability, excluding periods of family temporary
42 disability, during the immediately preceding calendar year plus an
43 amount equal to 100% of the cost of administration of the payment
44 of those benefits during the immediately preceding calendar year,
45 less the amount of net assets remaining in the State disability
46 benefits fund, excluding net assets remaining in the "Family
47 Temporary Disability Leave Account" of that fund, as of December
48 31 of the immediately preceding year. The rates of employer

1 contributions determined pursuant to subsection (e) of this section
2 for any year shall be determined prior to the determination of the
3 rate of employee contributions pursuant to this subparagraph (i) and
4 any consideration of employee contributions in determining
5 employer rates for any year shall be based on amounts of employee
6 contributions made prior to the year to which the rate of employee
7 contributions applies and shall not be based on any projection or
8 estimate of the amount of employee contributions for the year to
9 which that rate applies.

10 (ii) Each worker shall contribute to the State disability benefits
11 fund, in addition to any amount contributed pursuant to
12 subparagraph (i) of this paragraph (1)(G), an amount equal to,
13 during calendar year 2009, 0.09%, and during calendar year 2010
14 0.12%, of wages paid with respect to the worker's employment with
15 any covered employer, including a governmental employer which is
16 an employer as defined under R.S.43:21-19(h)(5), unless the
17 employer is covered by an approved private disability plan for
18 benefits during periods of family temporary disability leave. The
19 contributions made pursuant to this subparagraph (ii) to the State
20 disability benefits fund shall be deposited into an account of that
21 fund reserved for the payment of benefits during periods of family
22 temporary disability leave as defined in section 3 of the "Temporary
23 Disability Benefits Law," P.L.1948, c.110 (C.43:21-27) and for the
24 administration of those payments and shall not be used for any other
25 purpose. This account shall be known as the "Family Temporary
26 Disability Leave Account." For calendar year 2011 and each
27 subsequent calendar year, the annual rate of contribution to be paid
28 by workers pursuant to this subparagraph (ii) shall be the rate
29 necessary to obtain a total amount of contributions equal to 125% of
30 the benefits paid for periods of family temporary disability leave
31 during the immediately preceding calendar year plus an amount
32 equal to 100% of the cost of administration of the payment of those
33 benefits during the immediately preceding calendar year, less the
34 amount of net assets remaining in the account as of December 31 of
35 the immediately preceding year. Necessary administrative costs
36 shall include the cost of an outreach program to inform employees
37 of the availability of the benefits and the cost of issuing the reports
38 required or permitted pursuant to section 13 of P.L.2008, c.17
39 (C.43:21-39.4). No monies, other than the funds in the "Family
40 Temporary Disability Leave Account," shall be used for the
41 payment of benefits during periods of family temporary disability
42 leave or for the administration of those payments, with the sole
43 exception that, during calendar years 2008 and 2009, a total amount
44 not exceeding \$25 million may be transferred to that account from
45 the revenues received in the State disability benefits fund pursuant
46 to subparagraph (i) of this paragraph (1)(G) and be expended for
47 those payments and their administration, including the
48 administration of the collection of contributions made pursuant to

1 this subparagraph (ii) and any other necessary administrative costs.
2 Any amount transferred to the account pursuant to this
3 subparagraph (ii) shall be repaid during a period beginning not later
4 than January 1, 2011 and ending not later than December 31, 2015.
5 No monies, other than the funds in the "Family Temporary
6 Disability Leave Account," shall be used under any circumstances
7 after December 31, 2009, for the payment of benefits during periods
8 of family temporary disability leave or for the administration of
9 those payments, including for the administration of the collection of
10 contributions made pursuant to this subparagraph (ii).

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

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

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

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

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

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

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

18 (3) (A) If an employee receives wages from more than one
19 employer during any calendar year, and either the sum of his
20 contributions deposited in and credited to the State disability
21 benefits fund plus the amount of his contributions, if any, required
22 towards the costs of benefits under one or more approved private
23 plans under the provisions of section 9 of the "Temporary Disability
24 Benefits Law" (C.43:21-33) and deducted from his wages, or the
25 sum of such latter contributions, if the employee is covered during
26 such calendar year only by two or more private plans, exceeds an
27 amount equal to 1/2 of 1% of the "wages" determined in accordance
28 with the provisions of R.S.43:21-7(b)(3) during the calendar years
29 beginning on or after January 1, 1976 or, during calendar year 2012
30 or any subsequent calendar year, the total amount of his
31 contributions for the year exceeds the amount set by the annual rate
32 of contribution determined by the Commissioner of Labor and
33 Workforce Development pursuant to subparagraph (i) of paragraph
34 (1)(G) of this subsection (d), the employee shall be entitled to a
35 refund of the excess if he makes a claim to the controller within two
36 years after the end of the calendar year in which the wages are
37 received with respect to which the refund is claimed and establishes
38 his right to such refund. Such refund shall be made by the controller
39 from the State disability benefits fund. No interest shall be allowed
40 or paid with respect to any such refund. The controller shall, in
41 accordance with prescribed regulations, determine the portion of the
42 aggregate amount of such refunds made during any calendar year
43 which is applicable to private plans for which deductions were
44 made under section 9 of the "Temporary Disability Benefits Law"
45 (C.43:21-33) such determination to be based upon the ratio of the
46 amount of such wages exempt from contributions to such fund, as
47 provided in subparagraph (B) of paragraph (1) of this subsection
48 with respect to coverage under private plans, to the total wages so

1 exempt plus the amount of such wages subject to contributions to
2 the disability benefits fund, as provided in subparagraph (G) of
3 paragraph (1) of this subsection. The controller shall, in accordance
4 with prescribed regulations, prorate the amount so determined
5 among the applicable private plans in the proportion that the wages
6 covered by each plan bear to the total private plan wages involved
7 in such refunds, and shall assess against and recover from the
8 employer, or the insurer if the insurer has indemnified the employer
9 with respect thereto, the amount so prorated. The provisions of
10 R.S.43:21-14 with respect to collection of employer contributions
11 shall apply to such assessments. The amount so recovered by the
12 controller shall be paid into the State disability benefits fund.

13 (B) If an employee receives wages from more than one employer
14 during any calendar year, and the sum of his contributions deposited
15 in the "Family Temporary Disability Leave Account" of the State
16 disability benefits fund plus the amount of his contributions, if any,
17 required towards the costs of family temporary disability leave
18 benefits under one or more approved private plans under the
19 provisions of the "Temporary Disability Benefits Law" (C.43:21-25
20 et al.) and deducted from his wages, exceeds an amount equal to,
21 during calendar year 2009, 0.09% of the "wages" determined in
22 accordance with the provisions of R.S.43:21-7(b)(3), or during
23 calendar year 2010, 0.12% of those wages, or, during calendar year
24 2011 or any subsequent calendar year, the percentage of those
25 wages set by the annual rate of contribution determined by the
26 Commissioner of Labor and Workforce Development pursuant to
27 subparagraph (ii) of paragraph (1)(G) of this subsection (d), the
28 employee shall be entitled to a refund of the excess if he makes a
29 claim to the controller within two years after the end of the calendar
30 year in which the wages are received with respect to which the
31 refund is claimed and establishes his right to the refund. The refund
32 shall be made by the controller from the "Family Temporary
33 Disability Leave Account" of the State disability benefits fund. No
34 interest shall be allowed or paid with respect to any such refund.
35 The controller shall, in accordance with prescribed regulations,
36 determine the portion of the aggregate amount of the refunds made
37 during any calendar year which is applicable to private plans for
38 which deductions were made under section 9 of the "Temporary
39 Disability Benefits Law" (C.43:21-33), with that determination
40 based upon the ratio of the amount of such wages exempt from
41 contributions to the fund, as provided in paragraph (1)(B) of this
42 subsection (d) with respect to coverage under private plans, to the
43 total wages so exempt plus the amount of such wages subject to
44 contributions to the "Family Temporary Disability Leave Account"
45 of the State disability benefits fund, as provided in subparagraph (ii)
46 of paragraph (1)(G) of this subsection (d). The controller shall, in
47 accordance with prescribed regulations, prorate the amount so
48 determined among the applicable private plans in the proportion

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

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

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

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

35 (e) Contributions by employers to the State disability benefits
36 fund.

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

1 sufficient revenue to keep the account in balance; except that the
2 rate so established shall not be less than 1/10 of 1%. Such
3 contributions shall become due and be paid by the employer to the
4 controller for the State disability benefits fund as established by
5 law, in accordance with such regulations as may be prescribed, and
6 shall not be deducted, in whole or in part, from the remuneration of
7 individuals in his employ. In the payment of any contributions, a
8 fractional part of a cent shall be disregarded unless it amounts to
9 \$0.005 or more, in which case it shall be increased to \$0.01.

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

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

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

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

1 (D) Prior to July 1 of each calendar year, the controller shall
2 make a preliminary determination of the rate of contribution for the
3 12 months commencing on such July 1 for each employer subject to
4 the contribution requirements of this subsection (e).

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

10 (2) If the minimum requirements in subparagraph (D) (1) above
11 have been fulfilled and the credited contributions exceed the
12 benefits charged by more than \$500.00, such preliminary rate shall
13 be as follows:

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

17 (ii) $\frac{15}{100}$ of 1% if such excess over \$500.00 equals or exceeds
18 $1\frac{1}{4}$ % but is less than $1\frac{1}{2}$ % of his average annual payroll;

19 (iii) $\frac{1}{10}$ of 1% if such excess over \$500.00 equals or exceeds $1\frac{1}{2}$
20 % of his average annual payroll.

21 (3) If the minimum requirements in subparagraph (D) (1) above
22 have been fulfilled and the contributions credited exceed the
23 benefits charged but by not more than \$500.00 plus 1% of his
24 average annual payroll, or if the benefits charged exceed the
25 contributions credited but by not more than \$500.00, the
26 preliminary rate shall be $\frac{1}{4}$ of 1%.

27 (4) If the minimum requirements in subparagraph (D) (1) above
28 have been fulfilled and the benefits charged exceed the
29 contributions credited by more than \$500.00, such preliminary rate
30 shall be as follows:

31 (i) $\frac{35}{100}$ of 1% if such excess over \$500.00 is less than $\frac{1}{4}$ of
32 1% of his average annual payroll;

33 (ii) $\frac{45}{100}$ of 1% if such excess over \$500.00 equals or exceeds
34 $\frac{1}{4}$ of 1% but is less than $\frac{1}{2}$ of 1% of his average annual payroll;

35 (iii) $\frac{55}{100}$ of 1% if such excess over \$500.00 equals or exceeds
36 $\frac{1}{2}$ of 1% but is less than $\frac{3}{4}$ of 1% of his average annual payroll;

37 (iv) $\frac{65}{100}$ of 1% if such excess over \$500.00 equals or exceeds
38 $\frac{3}{4}$ of 1% but is less than 1% of his average annual payroll;

39 (v) $\frac{75}{100}$ of 1% if such excess over \$500.00 equals or exceeds
40 1% of his average annual payroll.

41 (5) Determination of the preliminary rate as specified in
42 subparagraphs (D)(2), (3) and (4) above shall be subject, however,
43 to the condition that it shall in no event be decreased by more than
44 $\frac{1}{10}$ of 1% of wages or increased by more than $\frac{2}{10}$ of 1% of
45 wages from the preliminary rate determined for the preceding year
46 in accordance with subparagraph (D) (1), (2), (3) or (4), whichever
47 shall have been applicable.

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

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

19 (i) If the percentage determined in accordance with
20 subparagraph (E)(1) of this paragraph equals or exceeds 1 1/4%, the
21 final employer rates shall be the preliminary rates determined as
22 provided in subparagraph (D) hereof, except that if the employer's
23 preliminary rate is determined as provided in subparagraph (D)(2)
24 or subparagraph (D)(3) hereof, the final employer rate shall be the
25 preliminary employer rate decreased by such percentage of excess
26 taken to the nearest 5/100 of 1%, but in no case shall such final rate
27 be less than 1/10 of 1%.

28 (ii) If the percentage determined in accordance with
29 subparagraph (E)(1) of this paragraph equals or exceeds 3/4 of 1%
30 and is less than 1 1/4 of 1%, the final employer rates shall be the
31 preliminary employer rates.

32 (iii) If the percentage determined in accordance with
33 subparagraph (E)(1) of this paragraph is less than 3/4 of 1%, but in
34 excess of 1/4 of 1%, the final employer rates shall be the
35 preliminary employer rates determined as provided in subparagraph
36 (D) hereof increased by the difference between 3/4 of 1% and such
37 percentage taken to the nearest 5/100 of 1%; provided, however,
38 that no such final rate shall be more than 1/4 of 1% in the case of an
39 employer whose preliminary rate is determined as provided in
40 subparagraph (D)(2) hereof, more than 1/2 of 1% in the case of an
41 employer whose preliminary rate is determined as provided in
42 subparagraph (D)(1) and subparagraph (D)(3) hereof, nor more than
43 3/4 of 1% in the case of an employer whose preliminary rate is
44 determined as provided in subparagraph (D)(4) hereof.

45 (iv) If the amount of the State disability benefits fund determined
46 as provided in subparagraph (E)(1) of this paragraph is equal to or
47 less than 1/4 of 1%, then the final rate shall be 2/5 of 1% in the case
48 of an employer whose preliminary rate is determined as provided in

1 subparagraph (D)(2) hereof, 7/10 of 1% in the case of an employer
2 whose preliminary rate is determined as provided in subparagraph
3 (D)(1) and subparagraph (D)(3) hereof, and 1.1% in the case of an
4 employer whose preliminary rate is determined as provided in
5 subparagraph (D)(4) hereof. Notwithstanding any other provision of
6 law or any determination made by the controller with respect to any
7 12-month period commencing on July 1, 1970, the final rates for all
8 employers for the period beginning January 1, 1971, shall be as set
9 forth herein.

10 (F) Notwithstanding any other provisions of this subsection (e),
11 the rate of contribution paid to the State disability benefits fund by
12 each covered employer as defined in paragraph (1) of subsection (a)
13 of section 3 of P.L.1948, c.110 (C.43:21-27), shall be determined as
14 if:

15 (i) No disability benefits have been paid with respect to periods
16 of family temporary disability leave;

17 (ii) No worker paid any contributions to the State disability
18 benefits fund pursuant to paragraph (1)(G)(ii) of subsection (d) of
19 this section; and

20 (iii) No amounts were transferred from the State disability
21 benefits fund to the "Family Temporary Disability Leave Account"
22 pursuant to paragraph (1)(G)(ii) of subsection (d) of this section.
23 (cf: P.L.2011, c.88, s.1)

24

25 2. This act shall take effect immediately.

26

27

28

STATEMENT

29

30 This bill reduces the amount of unemployment insurance (UI)
31 taxes imposed on employers by eliminating, during the fiscal year
32 2014, the 10% surcharge which would otherwise be imposed
33 pursuant to R.S.43:21-7. Without the changes made by this bill, the
34 current law imposes that 10% surcharge during fiscal year 2014,
35 because the UI trust fund reserve ratio is currently less than 1.0%.
36 The bill also restores, for all years after fiscal year 2014, the
37 provision of the law that triggers that surcharge whenever the UI
38 trust fund reserve ratio is less than 1.0%.

ASSEMBLY LABOR COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY, Nos. 4112 and 3675

STATE OF NEW JERSEY

DATED: MAY 13, 2013

The Assembly Labor Committee reports favorably Assembly Committee Substitute for Assembly Bill Nos. 4112 and 3675.

This committee substitute reduces the amount of unemployment insurance (UI) taxes imposed on employers by eliminating, during the fiscal year 2014, the 10% surcharge which would otherwise be imposed pursuant to R.S.43:21-7. Without the changes made by this committee substitute, the current law imposes that 10% surcharge during fiscal year 2014, because the UI trust fund reserve ratio is currently less than 1.0%. The committee substitute also restores, for all years after fiscal year 2014, the provision of the law that triggers that surcharge whenever the UI trust fund reserve ratio is less than 1.0%.

Fiscal Impact:

The OLS estimates that this committee substitute will result in an estimated \$300 million reduction in revenue to be collected for the UI trust fund. The reduction may result in future increased costs for most employers in the State due to an increase in federal unemployment tax and in additional accrued interest as explained further below.

The estimated reduction in revenue to be collected by the UI trust fund in fiscal year 2014 (beginning July 1, 2013) is based on an analysis of data provided by the Department of Labor and Workforce Development in their yearly cash flow analysis of the UI trust fund. The department estimated that the UI trust fund will collect approximately \$3 billion from employer contributions in fiscal year 2014 if the tax rate is set at the "E" column plus 10 percent. A reduction in the collection amount by 10 percent results in a reduction of the total tax collected by \$300 million.

Additionally, the OLS notes that the \$300 million reduction may result in the State borrowing additional funds from the federal government to provide unemployment benefits. The loan from the federal government has two costs related to it: an increase in the federal unemployment tax on employers for the time period that the State has an outstanding loan and an increase in accrued interest on the balance of that loan. Both of these costs are paid by employers in the

State who pay unemployment insurance tax on their employees. The State and a majority of governmental entities in the State are reimbursable employers for unemployment insurance and as such, do not pay the additional costs for the outstanding loan or the accrued interest.

The elimination of the 10 percent surcharge may have an impact on the repayment of the federal loan to the UI trust fund. Pursuant to Sections 3302(c)(2) and 3302 (d)(3) of the Federal Unemployment Tax Act (FUTA), when a state has borrowed from the federal government and the loan is still outstanding on September 30 in the second year after the state first borrowed the money, then the employers' federal unemployment tax is essentially increased to pay back the principal of that loan the next calendar year. Employers in New Jersey have been paying additional federal unemployment tax since calendar year 2012 to repay the balance of the loan. The department's analysis indicates that, if the current tax structure is maintained, the UI trust fund will *not* have an outstanding balance to the federal government on September 30, 2013 and employers will no longer be subject to an increase in their federal unemployment tax as of January 2014. However, if the 10 percent surcharge is eliminated, the loan may not be paid off by September 30, 2013 and the increase in the federal unemployment tax will continue through calendar year 2014. However, the loan could also be paid off through a direct appropriation. The State could appropriate general funds to pay the loan and ensure that employers are not taxed the additional federal unemployment tax in 2014. The OLS cannot predict the behavior of the Executive Branch in this regard. Additionally, all of the estimates provided by the department are subject to change and the margins are so narrow, it is not possible for the OLS to predict the UI trust fund balance on September 30, 2013 at this time.

The reduction in revenue from the elimination of the 10 percent surcharge will also most likely result in the State borrowing additional funds from the federal government to pay benefits. The State must then repay this amount with accrued interest. The interest costs are charged to employers through an additional assessment paid on September 30 of each year. Two payments have been paid to the federal government for accrued interest in September 2011 and 2012. However, due to uncertainty on the amount to be borrowed, it is not possible to determine the costs of related interest.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY COMMITTEE SUBSTITUTE
ASSEMBLY, Nos. 4112 and 3675
STATE OF NEW JERSEY
215th LEGISLATURE

DATED: JUNE 6, 2013

SUMMARY

Synopsis: Eliminates 10 percent surcharge on employer UI taxes during fiscal year 2014.

Type of Impact: Revenue loss for the unemployment insurance compensation trust fund (UI trust fund).

Agencies Affected: Department of Labor and Workforce Development

Fiscal Impact	<u>Fiscal Year 2014</u>
Reduction in State Revenue	
UI trust fund	(\$300 million)

- The Office of Legislative Services (OLS) estimates that the elimination of the 10 percent surcharge proposed in this bill will result in a reduction of an estimated \$300 million in revenue anticipated to be collected for the unemployment insurance (UI) trust fund in fiscal year 2014.
- The OLS notes that the \$300 million reduction may result in the State borrowing additional funds from the federal government to provide unemployment benefits. The loan from the federal government has two costs for a majority of employers in the State: an increase in the federal unemployment tax for the time period that the State has an outstanding loan, and the repayment of the interest which accrues on the balance of that loan.

BILL DESCRIPTION

Assembly Committee Substitute for Assembly Bill Nos. 4112 and 3675 of 2013 reduces the UI tax rates which will be imposed on employers during fiscal year 2014 by setting them based on the “E” column of the UI tax table in R.S.43:21-7, but without the 10 percent surcharge provided by that law. The UI tax rate which is being charged to employers during fiscal year 2013 is based on column “E” of the tax table. Because the UI trust fund is currently in deficit, the tax rate, under current law, would increase starting on July 1, 2013, to the highest tax rates set by the law, the rates found in the “E” column plus an additional 10 percent surcharge. The

bill reduces the UI tax burden on employers by delaying the 10 percent surcharge from taking effect until the beginning of fiscal year 2015 (July 1, 2014).

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the Assembly Committee Substitute for Assembly Bill Nos. 4112 and 3675 will result in a reduction of an estimated \$300 million in revenue anticipated to be collected for the UI trust fund in fiscal year 2014 (beginning July 1, 2013). This estimate is based on analysis of data provided to the OLS from the Department of Labor and Workforce Development in their yearly cash flow analysis of the UI trust fund. The department estimated that the UI trust fund will collect approximately \$3 billion from employer contributions in fiscal year 2014 if the tax rate is set at the “E” column plus 10 percent. A reduction in the collection amount by 10 percent results in a reduction of the total tax collected by \$300 million.

Additionally, the OLS notes that the \$300 million reduction may result in the State borrowing additional funds from the federal government to provide unemployment benefits. The loan from the federal government has two costs related to it: an increase in the federal unemployment tax on employers for the time period that the State has an outstanding loan and an increase in accrued interest on the balance of that loan. Both of these costs are paid by employers in the State who pay unemployment insurance tax on their employees. The State and a majority of governmental entities in the State are reimbursable employers for unemployment insurance and as such, do not pay the additional costs for the outstanding loan or the accrued interest.

The elimination of the 10 percent surcharge may have an impact on the repayment of the federal loan to the UI trust fund. Pursuant to Sections 3302(c)(2) and 3302 (d)(3) of the Federal Unemployment Tax Act (FUTA), when a state has borrowed from the federal government and the loan is still outstanding on September 30 in the second year after the state first borrowed the money, then the employers’ federal unemployment tax is essentially increased to pay back the principal of that loan the next calendar year. Employers in New Jersey have been paying additional federal unemployment tax since calendar year 2012 to repay the balance of the loan. The department’s analysis indicates that, if the current tax structure is maintained, the UI trust fund will *not* have an outstanding balance to the federal government on September 30, 2013 and employers will no longer be subject to an increase in their federal unemployment tax as of January 2014. However, if the 10 percent surcharge is eliminated, the loan may not be paid off by September 30, 2013 and the increase in the federal unemployment tax will continue through calendar year 2014. However, the loan could also be paid off through a direct appropriation. The State could appropriate general funds to pay the loan and ensure that employers are not taxed the additional federal unemployment tax in 2014. The OLS cannot predict the behavior of the executive branch in this regard. Additionally, all of the estimates provided by the department are subject to change and the margins are so narrow, it is not possible for the OLS to predict the UI trust fund balance on September 30, 2013 at this time.

The reduction in revenue from the elimination of the 10 percent surcharge will also most likely result in the State borrowing additional funds from the federal government to pay benefits. The State must then repay this amount with accrued interest. The interest costs are charged to employers through an additional assessment paid on September 30 of each year. Two payments have been paid to the federal government for accrued interest in September 2011 and 2012. However, due to uncertainty on the amount to be borrowed, it is not possible to determine the costs of related interest.

In summary, the elimination of the surcharge will result in an estimated \$300 million reduction in revenue to be collected for the UI trust fund. The reduction may result in future increased costs for most employers in the State due to an increase in federal unemployment tax and in additional accrued interest.

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 APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY, Nos. 4112 and 3675 (ACS)

STATE OF NEW JERSEY

DATED: JUNE 6, 2013

The Assembly Appropriations Committee reports favorably Assembly Bill Nos. 4112 and 3675 (ACS).

This bill reduces the amount of unemployment insurance (UI) taxes imposed on employers by eliminating, during fiscal year 2014, the 10% surcharge which would otherwise be imposed pursuant to R.S.43:21-7. Without the changes made by the bill, current law imposes that 10% surcharge during fiscal year 2014, because the UI trust fund reserve ratio is currently less than 1%. The bill also restores, for all years after fiscal year 2014, the provision of the law that provides for the imposition of the 10% surcharge whenever the UI trust fund reserve ratio is less than 1%.

As reported, this bill is identical to Senate Bill No. 2404, as also reported by the committee.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates this bill will result in a \$300 million reduction in revenue to be collected for the UI trust fund. The reduction may result in future increased costs for most employers in the State due to an increase in federal unemployment tax and in additional accrued interest.

The estimated reduction in revenue to be collected by the UI trust fund in fiscal year 2014 is based on an analysis of data provided by the Department of Labor and Workforce Development in its yearly analysis of the UI trust fund. The department estimated that the UI trust fund will collect approximately \$3 billion from employer contributions in fiscal year 2014 if the tax rate is set at the "E" column plus 10 percent. A reduction in the collection amount by 10 percent results in a reduction of the total tax collected by \$300 million.

Additionally, the OLS notes that the \$300 million reduction may result in the State borrowing additional funds from the federal government to provide unemployment benefits. The loan from the federal government has two costs related to it: an increase in the federal unemployment tax on employers for the time period that the State has an outstanding loan and an increase in accrued interest on the balance of that loan. Both of these costs are paid by employers in the

State who pay unemployment insurance tax on their employees. The State and a majority of governmental entities in the State are reimbursable employers for unemployment insurance and do not pay the additional costs for the outstanding loan or the accrued interest.

The elimination of the 10 percent surcharge may have an impact on the repayment of the federal loan to the UI trust fund. Pursuant to federal law, when a state has borrowed from the federal government and the loan is still outstanding on September 30 in the second year after the state first borrowed the money, then the employers' federal unemployment tax is essentially increased to pay back the principal of that loan the next calendar year. Employers in New Jersey have been paying additional federal unemployment tax since calendar year 2012 to repay the balance of the loan. The department's analysis indicates that, if the current tax structure is maintained, the UI trust fund will not have an outstanding balance to the federal government on September 30, 2013 and employers will no longer be subject to an increase in their federal unemployment tax as of January 2014. However, if the 10 percent surcharge is eliminated, the loan may not be paid off by September 30, 2013 and the increase in the federal unemployment tax will continue through calendar year 2014. However, the loan could also be paid off through a direct appropriation. The State could appropriate general funds to pay the loan and ensure that employers are not taxed the additional federal unemployment tax in 2014. The OLS cannot predict the behavior of the Executive in this regard. Additionally, all of the estimates provided by the department are subject to change and the margins are so narrow, it is not possible for the OLS to predict the UI trust fund balance on September 30, 2013 at this time.

The reduction in revenue from the elimination of the 10 percent surcharge may also result in the State borrowing additional funds from the federal government to pay benefits. The State must then repay this amount with accrued interest. The interest costs are charged to employers through an additional assessment paid on September 30 of each year. Two payments have been paid to the federal government for accrued interest in September 2011 and 2012. However, due to uncertainty on the amount to be borrowed, it is not possible to determine the costs of related interest.

ASSEMBLY, No. 3675

STATE OF NEW JERSEY 215th LEGISLATURE

INTRODUCED JANUARY 14, 2013

Sponsored by:

Assemblywoman ALISON LITTELL MCHOSE

District 24 (Morris, Sussex and Warren)

Assemblyman TROY SINGLETON

District 7 (Burlington)

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

Co-Sponsored by:

Assemblywoman Handlin, Assemblymen Dancer, Diegnan and Space

SYNOPSIS

Eliminates 10% surcharge on employer UI taxes during fiscal year 2014.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/14/2013)

1 AN ACT concerning unemployment compensation contributions
2 paid by certain employers and amending R.S.43:21-7.

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

6
7 1. R.S.43:21-7 is amended to read as follows:

8 Contributions.

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

20 (a) Payment.

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

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

33 (b) Rate of contributions. Each employer shall pay the following
34 contributions:

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

39 (2) The "wages" of any individual, with respect to any one
40 employer, as the term is used in this subsection (b) and in
41 subsections (c), (d) and (e) of this section 7, shall include the first
42 \$4,800.00 paid during calendar year 1975, for services performed
43 either within or without this State; provided that no contribution
44 shall be required by this State with respect to services performed in
45 another state if such other state imposes contribution liability with

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 respect thereto. If an employer (hereinafter referred to as a
2 successor employer) during any calendar year acquires substantially
3 all the property used in a trade or business of another employer
4 (hereinafter referred to as a predecessor), or used in a separate unit
5 of a trade or business of a predecessor, and immediately after the
6 acquisition employs in his trade or business an individual who
7 immediately prior to the acquisition was employed in the trade or
8 business of such predecessors, then, for the purpose of determining
9 whether the successor employer has paid wages with respect to
10 employment equal to the first \$4,800.00 paid during calendar year
11 1975, any wages paid to such individual by such predecessor during
12 such calendar year and prior to such acquisition shall be considered
13 as having been paid by such successor employer.

14 (3) For calendar years beginning on and after January 1, 1976,
15 the "wages" of any individual, as defined in the preceding
16 paragraph (2) of this subsection (b), shall be established and
17 promulgated by the Commissioner of Labor and Workforce
18 Development on or before September 1 of the preceding year and
19 shall be, 28 times the Statewide average weekly remuneration paid
20 to workers by employers, as determined under R.S.43:21-3(c),
21 raised to the next higher multiple of \$100.00 if not already a
22 multiple thereof, provided that if the amount of wages so
23 determined for a calendar year is less than the amount similarly
24 determined for the preceding year, the greater amount will be used;
25 provided, further, that if the amount of such wages so determined
26 does not equal or exceed the amount of wages as defined in
27 subsection (b) of section 3306 of the Internal Revenue Code of
28 1986 (26 U.S.C. s.3306(b)), the wages as determined in this
29 paragraph in any calendar year shall be raised to equal the amount
30 established under the "Federal Unemployment Tax Act," chapter 23
31 of the Internal Revenue Code of 1986 (26 U.S.C. s.3301 et seq.), for
32 that calendar year.

33 (c) Future rates based on benefit experience.

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

1 such calendar year and in preceding calendar years shall be charged
2 against the account or accounts of the employer or employers in
3 whose employment such individual established base weeks
4 constituting the basis of such benefits, except that, with respect to
5 benefit years commencing after January 4, 1998, an employer's
6 account shall not be charged for benefits paid to a claimant if the
7 claimant's employment by that employer was ended in any way
8 which, pursuant to subsection (a), (b), (c), (f), (g) or (h) of
9 R.S.43:21-5, would have disqualified the claimant for benefits if the
10 claimant had applied for benefits at the time when that employment
11 ended. Benefits paid under a given benefit determination shall be
12 charged against the account of the employer to whom such
13 determination relates. When each benefit payment is made,
14 notification shall be promptly provided to each employer included
15 in the unemployment insurance monetary calculation of benefits.
16 Such notification shall identify the employer against whose account
17 the amount of such payment is being charged, shall show at least
18 the name and social security account number of the claimant and
19 shall specify the period of unemployment to which said benefit
20 payment applies.

21 An annual summary statement of unemployment benefits
22 charged to the employer's account shall be provided.

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

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

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

- 1 (1) 2 5/10%, if such excess equals or exceeds 4%, but less than
- 2 5%, of his average annual payroll (as defined in paragraph (2),
- 3 subsection (a) of R.S.43:21-19);
- 4 (2) 2 2/10%, if such excess equals or exceeds 5%, but is less
- 5 than 6%, of his average annual payroll;
- 6 (3) 1 9/10%, if such excess equals or exceeds 6%, but is less
- 7 than 7%, of his average annual payroll;
- 8 (4) 1 6/10%, if such excess equals or exceeds 7%, but is less
- 9 than 8%, of his average annual payroll;
- 10 (5) 1 3/10%, if such excess equals or exceeds 8%, but is less
- 11 than 9%, of his average annual payroll;
- 12 (6) 1%, if such excess equals or exceeds 9%, but is less than
- 13 10%, of his average annual payroll;
- 14 (7) 7/10 of 1%, if such excess equals or exceeds 10%, but is less
- 15 than 11%, of his average annual payroll;
- 16 (8) 4/10 of 1%, if such excess equals or exceeds 11% of his
- 17 average annual payroll.
- 18 (B) If the total of an employer's contributions, paid on his own
- 19 behalf, for all past periods for the purposes of this paragraph (4), is
- 20 less than the total benefits charged against his account during the
- 21 same period, his rate shall be:
- 22 (1) 4%, if such excess is less than 10% of his average annual
- 23 payroll;
- 24 (2) 4 3/10%, if such excess equals or exceeds 10%, but is less
- 25 than 20%, of his average annual payroll;
- 26 (3) 4 6/10%, if such excess equals or exceeds 20% of his
- 27 average annual payroll.
- 28 (C) Specially assigned rates.
- 29 (i) If no contributions were paid on wages for employment in
- 30 any calendar year used in determining the average annual payroll of
- 31 an employer eligible for an assigned rate under this paragraph (4),
- 32 the employer's rate shall be specially assigned as follows:
- 33 if the reserve balance in its account is positive, its assigned rate
- 34 shall be the highest rate in effect for positive balance accounts for
- 35 that period, or 5.4%, whichever is higher, and
- 36 if the reserve balance in its account is negative, its assigned rate
- 37 shall be the highest rate in effect for deficit accounts for that period.
- 38 (ii) If, following the purchase of a corporation with little or no
- 39 activity, known as a corporate shell, the resulting employing unit
- 40 operates a new or different business activity, the employing unit
- 41 shall be assigned a new employer rate.
- 42 (iii) Entities operating under common ownership, management or
- 43 control, when the operation of the entities is not identifiable,
- 44 distinguishable and severable, shall be considered a single employer
- 45 for the purposes of this chapter (R.S.43:21-1 et seq.).
- 46 (D) The contribution rates prescribed by subparagraphs (A) and
- 47 (B) of this paragraph (4) shall be increased or decreased in

1 accordance with the provisions of paragraph (5) of this subsection
2 (c) for experience rating periods through June 30, 1986.

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

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

41 (B) If on March 31 of any calendar year the balance in the
42 unemployment trust fund equals or exceeds 10% but is less than $12\frac{1}{2}\%$
43 of the total taxable wages reported to the controller as of that
44 date in respect to employment during the preceding calendar year,
45 the contribution rate, effective July 1 following, of each employer
46 eligible for a contribution rate calculation based upon benefit
47 experience, shall be reduced by $\frac{3}{10}$ of 1% under the contribution
48 rate otherwise established under the provisions of paragraphs (3)

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

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

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

29 (E) (i) (Deleted by amendment, P.L.1997, c.263).

30 (ii) (Deleted by amendment, P.L.2001, c.152).

31 (iii) (Deleted by amendment, P.L.2003, c.107).

32 (iv) (Deleted by amendment, P.L.2004, c.45).

33 (v) (Deleted by amendment, P.L.2008, c.17).

34 (vi) [With respect to experience rating years beginning on or
35 after July 1, 2004, and before July 1, 2011, the new employer rate
36 or the unemployment experience rate of an employer under this
37 section shall be the rate which appears in the column headed by the
38 Unemployment Trust Fund Reserve Ratio as of the applicable
39 calculation date and on the line with the Employer Reserve Ratio,
40 as defined in paragraph (4) of this subsection (R.S.43:21-7 (c)(4)),
41 as set forth in the following table:

EXPERIENCE RATING TAX TABLE					
Fund Reserve Ratio ¹					
1.40% 1.00% 0.75% 0.50% 0.49%					
Employer	and	to	to	to	and
Reserve	Over	1.39%	0.99%	0.74%	Under
Ratio ²	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. , c.) (pending before the Legislature as this bill).~~

(vii) With respect to experience rating years beginning on or after July 1, 2011, 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)

1 of this subsection (R.S.43:21-7 (c)(4)), as set forth in the following
2 table:

3 EXPERIENCE RATING TAX TABLE

4 Fund Reserve Ratio¹

5	3.50%	3.00%	2.5%	2.0%	1.99%
6 Employer	and	to	to	to	and
7 Reserve	Over	3.49%	2.99%	2.49%	Under
8 Ratio ²	A	B	C	D	E
9 Positive Reserve Ratio:					
10 17% and over	0.3	0.4	0.5	0.6	1.2
11 16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
12 15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
13 14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
14 13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
15 12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
16 11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
17 10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
18 9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
19 8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
20 7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
21 6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
22 5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
23 4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
24 3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
25 2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
26 1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
27 0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
28 Deficit Reserve Ratio:					
29 -0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
30 -3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
31 -6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
32 -9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4
33 -12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5
34 -15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6
35 -20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7
36 -25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8
37 -30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9
38 -35.00% and under	5.4	5.4	5.8	6.4	7.0
39 New Employer Rate	2.8	2.8	2.8	3.1	3.4

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

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

44 (F) (i) (Deleted by amendment, P.L.1997, c.263).

45 (ii) (Deleted by amendment, P.L.2008, c.17).

46 (iii) **[**With respect to experience rating years beginning on or
47 after July 1, 2004 and before July 1, 2011, if the fund reserve ratio,

1 based on the fund balance as of the prior March 31, is less than
2 0.50%, the contribution rate for each employer liable to pay
3 contributions, as computed under subparagraph (E) of this
4 paragraph (5), shall be increased by a factor of 10% computed to
5 the nearest multiple of 1/10% if not already a multiple thereof]
6 (Deleted by amendment, P.L. _____, c. _____) (pending before the
7 Legislature as this bill).

8 (iv) With respect to experience rating years beginning on or after
9 July 1, 2011 and before July 1, 2013, if the fund reserve ratio, based
10 on the fund balance as of the prior March 31, is less than 1.0%, the
11 contribution rate for each employer liable to pay contributions, as
12 computed under subparagraph (E) of this paragraph (5), shall be
13 increased by a factor of 10% computed to the nearest multiple of
14 1/10% if not already a multiple thereof.

15 (v) With respect to experience rating years beginning on or after
16 July 1, 2014, if the fund reserve ratio, based on the fund balance as
17 of the prior March 31, is less than 1.0%, the contribution rate for
18 each employer liable to pay contributions, as computed under
19 subparagraph (E) of this paragraph (5), shall be increased by a
20 factor of 10% computed to the nearest multiple of 1/10% if not
21 already a multiple thereof.

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

33 (H) On and after January 1, 1998 until December 31, 2000 and
34 on or after January 1, 2002 until June 30, 2006, the contribution rate
35 for each employer liable to pay contributions, as computed under
36 subparagraph (E) of this paragraph (5), shall be decreased by a
37 factor, as set out below, computed to the nearest multiple of 1/10%,
38 except that, if an employer has a deficit reserve ratio of negative
39 35.0% or under, the employer's rate of contribution shall not be
40 reduced pursuant to this subparagraph (H) to less than 5.4%:

41 From January 1, 1998 until December 31, 1998, a factor of 12%;

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

43 From January 1, 2000 until December 31, 2000, a factor of 7%;

44 From January 1, 2002 until March 31, 2002, a factor of 36%;

45 From April 1, 2002 until June 30, 2002, a factor of 85%;

46 From July 1, 2002 until June 30, 2003, a factor of 15%;

47 From July 1, 2003 until June 30, 2004, a factor of 15%;

48 From July 1, 2004 until June 30, 2005, a factor of 7%;

1 From July 1, 2005 until December 31, 2005, a factor of 16%; and
2 From January 1, 2006 until June 30, 2006, a factor of 34%.

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

11 (I) (Deleted by amendment, P.L.2008, c.17).

12 (J) On or after July 1, 2001, notwithstanding any other
13 provisions of this paragraph (5), the contribution rate for each
14 employer liable to pay contributions, as computed under
15 subparagraph (E) of this paragraph (5), shall be decreased by
16 0.0175%, except that, during any experience rating year starting on
17 or after July 1, 2001, in which the fund reserve ratio is equal to or
18 greater than 3.5%, there shall be no decrease pursuant to this
19 subparagraph (J) in the contribution of any employer who has a
20 deficit reserve ratio of negative 35.00% or under. The amount of the
21 reduction in the employer contributions stipulated by this
22 subparagraph (J) shall be in addition to the amount of the reduction
23 in the employer contributions stipulated by subparagraphs (G) and
24 (H) of this paragraph (5), except that the rate of contribution of an
25 employer who has a deficit reserve ratio of negative 35.0% or under
26 shall not be reduced pursuant to this subparagraph (J) to less than
27 5.4% and the rate of contribution of any other employer shall not be
28 reduced to less than 0.0%.

29 (K) With respect to experience rating years beginning on or after
30 July 1, 2009, if the fund reserve ratio, based on the fund balance as
31 of the prior March 31, is:

32 (i) Equal to or greater than 5.00% but less than 7.5%, the
33 contribution rate for each employer liable to pay contributions, as
34 computed under subparagraph (E) of this paragraph (5), shall be
35 reduced by a factor of 25% computed to the nearest multiple of
36 1/10% if not already a multiple thereof except that there shall be no
37 decrease pursuant to this subparagraph (K) in the contribution of
38 any employer who has a deficit reserve ratio of 35.00% or under;

39 (ii) Equal to or greater than 7.5%, the contribution rate for each
40 employer liable to pay contributions, as computed under
41 subparagraph (E) of this paragraph (5), shall be reduced by a factor
42 of 50% computed to the nearest multiple of 1/10% if not already a
43 multiple thereof except that there shall be no decrease pursuant to
44 this subparagraph (K) in the contribution of any employer who has
45 a deficit reserve ratio of 35.00% or under.

46 (L) Notwithstanding any other provision of this paragraph (5)
47 and notwithstanding the actual fund reserve ratio, the contribution
48 rate for employers liable to pay contributions, as computed under

1 subparagraph (E) of this paragraph (5), shall be, for fiscal year
2 2011, the rates set by column "C" of the table in that subparagraph.

3 (M) Notwithstanding any other provision of this paragraph (5)
4 and notwithstanding the actual fund reserve ratio, the contribution
5 rate for employers liable to pay contributions, as computed under
6 subparagraph (E) of this paragraph (5), shall be, for fiscal year
7 2012, the rates set by column "D" of the table in that subparagraph.

8 (N) Notwithstanding any other provision of this paragraph (5)
9 and notwithstanding the actual fund reserve ratio, the contribution
10 rate for employers liable to pay contributions, as computed under
11 subparagraph (E) of this paragraph (5), shall be, for fiscal year
12 2013, the rates set by column "E" of the table in that subparagraph.

13 (6) Additional contributions.

14 Notwithstanding any other provision of law, any employer who
15 has been assigned a contribution rate pursuant to subsection (c) of
16 this section for the year commencing July 1, 1948, and for any year
17 commencing July 1 thereafter, may voluntarily make payment of
18 additional contributions, and upon such payment shall receive a
19 recomputation of the experience rate applicable to such employer,
20 including in the calculation the additional contribution so made,
21 except that, following a transfer as described under R.S.43:21-
22 7(c)(7)(D), neither the predecessor nor successor in interest shall be
23 eligible to make a voluntary payment of additional contributions
24 during the year the transfer occurs and the next full calendar year.
25 Any such additional contribution shall be made during the 30-day
26 period following the notification to the employer of his contribution
27 rate as prescribed in this section, unless, for good cause, the time
28 for payment has been extended by the controller for not to exceed
29 an additional 60 days; provided that in no event may such payments
30 which are made later than 120 days after the beginning of the year
31 for which such rates are effective be considered in determining the
32 experience rate for the year in which the payment is made. Any
33 employer receiving any extended period of time within which to
34 make such additional payment and failing to make such payment
35 timely shall be, in addition to the required amount of additional
36 payment, liable for a penalty of 5% thereof or \$5.00, whichever is
37 greater, not to exceed \$50.00. Any adjustment under this subsection
38 shall be made only in the form of credits against accrued or future
39 contributions.

40 (7) Transfers.

41 (A) Upon the transfer of the organization, trade or business, or
42 substantially all the assets of an employer to a successor in interest,
43 whether by merger, consolidation, sale, transfer, descent or
44 otherwise, the controller shall transfer the employment experience
45 of the predecessor employer to the successor in interest, including
46 credit for past years, contributions paid, annual payrolls, benefit
47 charges, et cetera, applicable to such predecessor employer,
48 pursuant to regulation, if it is determined that the employment

1 experience of the predecessor employer with respect to the
2 organization, trade, assets or business which has been transferred
3 may be considered indicative of the future employment experience
4 of the successor in interest. The successor in interest may, within
5 four months of the date of such transfer of the organization, trade,
6 assets or business, or thereafter upon good cause shown, request a
7 reconsideration of the transfer of employment experience of the
8 predecessor employer. The request for reconsideration shall
9 demonstrate, to the satisfaction of the controller, that the
10 employment experience of the predecessor is not indicative of the
11 future employment experience of the successor.

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

30 (C) A transfer of the employment experience in whole or in part
31 having become final, the predecessor employer thereafter shall not
32 be entitled to consideration for an adjusted rate based upon his or its
33 experience or the part thereof, as the case may be, which has thus
34 been transferred. A successor in interest to whom employment
35 experience or a part thereof is transferred pursuant to this
36 subsection shall, as of the date of the transfer of the organization,
37 trade, assets or business, or part thereof, immediately become an
38 employer if not theretofore an employer subject to this chapter
39 (R.S.43:21-1 et seq.).

40 (D) If an employer transfers in whole or in part his or its
41 organization, trade, assets or business to a successor in interest,
42 whether by merger, consolidation, sale, transfer, descent or
43 otherwise and both the employer and successor in interest are at the
44 time of the transfer under common ownership, management or
45 control, then the employment experience attributable to the
46 transferred business shall also be transferred to and combined with
47 the employment experience of the successor in interest. The transfer

1 of the employment experience is mandatory and not subject to
2 appeal or protest.

3 (E) The transfer of part of an employer's employment experience
4 to a successor in interest shall become effective as of the first day of
5 the calendar quarter following the acquisition by the successor in
6 interest. As of the effective date, the successor in interest shall have
7 its employer rate recalculated by merging its existing employment
8 experience, if any, with the employment experience acquired. If the
9 successor in interest is not an employer as of the date of acquisition,
10 it shall be assigned the new employer rate until the effective date of
11 the transfer of employment experience.

12 (F) Upon the transfer in whole or in part of the organization,
13 trade, assets or business to a successor in interest, the employment
14 experience shall not be transferred if the successor in interest is not
15 an employer at the time of the acquisition and the controller finds
16 that the successor in interest acquired the business solely or
17 primarily for the purpose of obtaining a lower rate of contributions.

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

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

34 (B) Effective January 1, 1978 there shall be no contributions by
35 workers in the employ of any governmental or nongovernmental
36 employer electing or required to make payments in lieu of
37 contributions unless the employer is covered by the State plan under
38 the "Temporary Disability Benefits Law" (C.43:21-25 et al.), and in
39 that case contributions shall be at the rate of 1/2 of 1%, except that
40 commencing July 1, 1986, workers in the employ of any
41 nongovernmental employer electing or required to make payments
42 in lieu of contributions shall be required to make contributions to
43 the fund at the same rate prescribed for workers of other
44 nongovernmental employers.

45 (C) (i) Notwithstanding the above provisions of this paragraph
46 (1), during the period starting July 1, 1986 and ending December
47 31, 1992, each worker shall contribute to the fund 1.125% of wages
48 paid with respect to his employment with a governmental employer

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

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

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

1 law, or is covered for disability benefits by an approved private plan
2 of the employer, no contributions shall be made to the fund.

3 Each worker shall, starting on January 1, 1996 and ending March
4 31, 1996, contribute to the unemployment compensation fund
5 0.60% of wages paid with respect to the worker's employment with
6 a governmental employer electing or required to pay contributions
7 or nongovernmental employer, including a nonprofit organization
8 which is an employer as defined under paragraph (6) of subsection
9 (h) of R.S.43:21-19, regardless of whether that nonprofit
10 organization elects or is required to finance its benefit costs with
11 contributions to the fund or by payments in lieu of contributions,
12 after that employer has satisfied the conditions set forth in
13 subsection (h) of R.S.43:21-19 with respect to becoming an
14 employer, provided that the contributions shall be at the rate of
15 0.10% of wages paid with respect to employment with the State of
16 New Jersey or any other governmental entity or instrumentality
17 electing or required to make payments in lieu of contributions.

18 Each worker shall, starting on January 1, 1998 and ending
19 December 31, 1998, contribute to the unemployment compensation
20 fund 0.10% of wages paid with respect to the worker's employment
21 with a governmental employer electing or required to pay
22 contributions or nongovernmental employer, including a nonprofit
23 organization which is an employer as defined under paragraph (6)
24 of subsection (h) of R.S.43:21-19, regardless of whether that
25 nonprofit organization elects or is required to finance its benefit
26 costs with contributions to the fund or by payments in lieu of
27 contributions, after that employer has satisfied the conditions set
28 forth in subsection (h) of R.S.43:21-19 with respect to becoming an
29 employer, provided that the contributions shall be at the rate of
30 0.10% of wages paid with respect to employment with the State of
31 New Jersey or any other governmental entity or instrumentality
32 electing or required to make payments in lieu of contributions.

33 Each worker shall, starting on January 1, 1999 until December
34 31, 1999, contribute to the unemployment compensation fund
35 0.15% of wages paid with respect to the worker's employment with
36 a governmental employer electing or required to pay contributions
37 or nongovernmental employer, including a nonprofit organization
38 which is an employer as defined under paragraph (6) of subsection
39 (h) of R.S.43:21-19, regardless of whether that nonprofit
40 organization elects or is required to finance its benefit costs with
41 contributions to the fund or by payments in lieu of contributions,
42 after that employer has satisfied the conditions set forth in
43 subsection (h) of R.S.43:21-19 with respect to becoming an
44 employer, provided that the contributions shall be at the rate of
45 0.10% of wages paid with respect to employment with the State of
46 New Jersey or any other governmental entity or instrumentality
47 electing or required to make payments in lieu of contributions.

1 Each worker shall, starting on January 1, 2000 until December
2 31, 2001, contribute to the unemployment compensation fund
3 0.20% of wages paid with respect to the worker's employment with
4 a governmental employer electing or required to pay contributions
5 or nongovernmental employer, including a nonprofit organization
6 which is an employer as defined under paragraph (6) of subsection
7 (h) of R.S.43:21-19, regardless of whether that nonprofit
8 organization elects or is required to finance its benefit costs with
9 contributions to the fund or by payments in lieu of contributions,
10 after that employer has satisfied the conditions set forth in
11 subsection (h) of R.S.43:21-19 with respect to becoming an
12 employer, provided that the contributions shall be at the rate of
13 0.10% of wages paid with respect to employment with the State of
14 New Jersey or any other governmental entity or instrumentality
15 electing or required to make payments in lieu of contributions.

16 Each worker shall, starting on January 1, 2002 until June 30,
17 2004, contribute to the unemployment compensation fund 0.1825%
18 of wages paid with respect to the worker's employment with a
19 governmental employer electing or required to pay contributions or
20 a nongovernmental employer, including a nonprofit organization
21 which is an employer as defined under paragraph (6) of subsection
22 (h) of R.S.43:21-19, regardless of whether that nonprofit
23 organization elects or is required to finance its benefit costs with
24 contributions to the fund or by payments in lieu of contributions,
25 after that employer has satisfied the conditions set forth in
26 subsection (h) of R.S.43:21-19 with respect to becoming an
27 employer, provided that the contributions shall be at the rate of
28 0.0825% of wages paid with respect to employment with the State
29 of New Jersey or any other governmental entity or instrumentality
30 electing or required to make payments in lieu of contributions.

31 Each worker shall, starting on and after July 1, 2004, contribute
32 to the unemployment compensation fund 0.3825% of wages paid
33 with respect to the worker's employment with a governmental
34 employer electing or required to pay contributions or
35 nongovernmental employer, including a nonprofit organization
36 which is an employer as defined under paragraph (6) of subsection
37 (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,
40 after that employer has satisfied the conditions set forth in
41 subsection (h) of R.S.43:21-19 with respect to becoming an
42 employer, provided that the contributions shall be at the rate of
43 0.0825% of wages paid with respect to employment with the State
44 of New Jersey or any other governmental entity or instrumentality
45 electing or required to make payments in lieu of contributions.

46 (E) Each employer shall, notwithstanding any provision of law
47 in this State to the contrary, withhold in trust the amount of his
48 workers' contributions from their wages at the time such wages are

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

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

15 (G) (i) Each worker shall, starting on July 1, 1994 and ending on
16 December 31, 2011, contribute to the State disability benefits fund
17 an amount equal to 0.50% of wages paid with respect to the
18 worker's employment with a government employer electing or
19 required to pay contributions to the State disability benefits fund or
20 nongovernmental employer, including a nonprofit organization
21 which is an employer as defined under paragraph (6) of subsection
22 (h) 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
25 et al.) under section 7 of that law (C.43:21-31) or any other
26 provision of that law. Each worker, with respect to the worker's
27 employment with a government employer electing or required to
28 pay contributions to the State disability benefits fund or
29 nongovernmental employer, including a nonprofit organization
30 which is an employer as defined under paragraph (6) of subsection
31 (h) of R.S.43:21-19, unless the employer is covered by an approved
32 private disability plan or is exempt from the provisions of the
33 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25
34 et al.) under section 7 of that law (C.43:21-31) or any other
35 provision of that law, shall, for calendar year 2012 and each
36 subsequent calendar year, make contributions to the State disability
37 benefits fund at the annual rate of contribution necessary to obtain a
38 total amount of contributions, which, when added to employer
39 contributions made to the State disability benefits fund pursuant to
40 subsection (e) of this section, is equal to 120% of the benefits paid
41 for periods of disability, excluding periods of family temporary
42 disability, during the immediately preceding calendar year plus an
43 amount equal to 100% of the cost of administration of the payment
44 of those benefits during the immediately preceding calendar year,
45 less the amount of net assets remaining in the State disability
46 benefits fund, excluding net assets remaining in the "Family
47 Temporary Disability Leave Account" of that fund, as of December
48 31 of the immediately preceding year. The rates of employer

1 contributions determined pursuant to subsection (e) of this section
2 for any year shall be determined prior to the determination of the
3 rate of employee contributions pursuant to this subparagraph (i) and
4 any consideration of employee contributions in determining
5 employer rates for any year shall be based on amounts of employee
6 contributions made prior to the year to which the rate of employee
7 contributions applies and shall not be based on any projection or
8 estimate of the amount of employee contributions for the year to
9 which that rate applies.

10 (ii) Each worker shall contribute to the State disability benefits
11 fund, in addition to any amount contributed pursuant to
12 subparagraph (i) of this paragraph (1)(G), an amount equal to,
13 during calendar year 2009, 0.09%, and during calendar year 2010
14 0.12%, of wages paid with respect to the worker's employment with
15 any covered employer, including a governmental employer which is
16 an employer as defined under R.S.43:21-19(h)(5), unless the
17 employer is covered by an approved private disability plan for
18 benefits during periods of family temporary disability leave. The
19 contributions made pursuant to this subparagraph (ii) to the State
20 disability benefits fund shall be deposited into an account of that
21 fund reserved for the payment of benefits during periods of family
22 temporary disability leave as defined in section 3 of the "Temporary
23 Disability Benefits Law," P.L.1948, c.110 (C.43:21-27) and for the
24 administration of those payments and shall not be used for any other
25 purpose. This account shall be known as the "Family Temporary
26 Disability Leave Account." For calendar year 2011 and each
27 subsequent calendar year, the annual rate of contribution to be paid
28 by workers pursuant to this subparagraph (ii) shall be the rate
29 necessary to obtain a total amount of contributions equal to 125% of
30 the benefits paid for periods of family temporary disability leave
31 during the immediately preceding calendar year plus an amount
32 equal to 100% of the cost of administration of the payment of those
33 benefits during the immediately preceding calendar year, less the
34 amount of net assets remaining in the account as of December 31 of
35 the immediately preceding year. Necessary administrative costs
36 shall include the cost of an outreach program to inform employees
37 of the availability of the benefits and the cost of issuing the reports
38 required or permitted pursuant to section 13 of P.L.2008, c.17
39 (C.43:21-39.4). No monies, other than the funds in the "Family
40 Temporary Disability Leave Account," shall be used for the
41 payment of benefits during periods of family temporary disability
42 leave or for the administration of those payments, with the sole
43 exception that, during calendar years 2008 and 2009, a total amount
44 not exceeding \$25 million may be transferred to that account from
45 the revenues received in the State disability benefits fund pursuant
46 to subparagraph (i) of this paragraph (1)(G) and be expended for
47 those payments and their administration, including the
48 administration of the collection of contributions made pursuant to

1 this subparagraph (ii) and any other necessary administrative costs.
2 Any amount transferred to the account pursuant to this
3 subparagraph (ii) shall be repaid during a period beginning not later
4 than January 1, 2011 and ending not later than December 31, 2015.
5 No monies, other than the funds in the "Family Temporary
6 Disability Leave Account," shall be used under any circumstances
7 after December 31, 2009, for the payment of benefits during periods
8 of family temporary disability leave or for the administration of
9 those payments, including for the administration of the collection of
10 contributions made pursuant to this subparagraph (ii).

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

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

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

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

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

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

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

18 (3) (A) If an employee receives wages from more than one
19 employer during any calendar year, and either the sum of his
20 contributions deposited in and credited to the State disability
21 benefits fund plus the amount of his contributions, if any, required
22 towards the costs of benefits under one or more approved private
23 plans under the provisions of section 9 of the "Temporary Disability
24 Benefits Law" (C.43:21-33) and deducted from his wages, or the
25 sum of such latter contributions, if the employee is covered during
26 such calendar year only by two or more private plans, exceeds an
27 amount equal to 1/2 of 1% of the "wages" determined in accordance
28 with the provisions of R.S.43:21-7(b)(3) during the calendar years
29 beginning on or after January 1, 1976 or, during calendar year 2012
30 or any subsequent calendar year, the total amount of his
31 contributions for the year exceeds the amount set by the annual rate
32 of contribution determined by the Commissioner of Labor and
33 Workforce Development pursuant to subparagraph (i) of paragraph
34 (1)(G) of this subsection (d), the employee shall be entitled to a
35 refund of the excess if he makes a claim to the controller within two
36 years after the end of the calendar year in which the wages are
37 received with respect to which the refund is claimed and establishes
38 his right to such refund. Such refund shall be made by the controller
39 from the State disability benefits fund. No interest shall be allowed
40 or paid with respect to any such refund. The controller shall, in
41 accordance with prescribed regulations, determine the portion of the
42 aggregate amount of such refunds made during any calendar year
43 which is applicable to private plans for which deductions were
44 made under section 9 of the "Temporary Disability Benefits Law"
45 (C.43:21-33) such determination to be based upon the ratio of the
46 amount of such wages exempt from contributions to such fund, as
47 provided in subparagraph (B) of paragraph (1) of this subsection
48 with respect to coverage under private plans, to the total wages so

1 exempt plus the amount of such wages subject to contributions to
2 the disability benefits fund, as provided in subparagraph (G) of
3 paragraph (1) of this subsection. The controller shall, in accordance
4 with prescribed regulations, prorate the amount so determined
5 among the applicable private plans in the proportion that the wages
6 covered by each plan bear to the total private plan wages involved
7 in such refunds, and shall assess against and recover from the
8 employer, or the insurer if the insurer has indemnified the employer
9 with respect thereto, the amount so prorated. The provisions of
10 R.S.43:21-14 with respect to collection of employer contributions
11 shall apply to such assessments. The amount so recovered by the
12 controller shall be paid into the State disability benefits fund.

13 (B) If an employee receives wages from more than one employer
14 during any calendar year, and the sum of his contributions deposited
15 in the "Family Temporary Disability Leave Account" of the State
16 disability benefits fund plus the amount of his contributions, if any,
17 required towards the costs of family temporary disability leave
18 benefits under one or more approved private plans under the
19 provisions of the "Temporary Disability Benefits Law" (C.43:21-25
20 et al.) and deducted from his wages, exceeds an amount equal to,
21 during calendar year 2009, 0.09% of the "wages" determined in
22 accordance with the provisions of R.S.43:21-7(b)(3), or during
23 calendar year 2010, 0.12% of those wages, or, during calendar year
24 2011 or any subsequent calendar year, the percentage of those
25 wages set by the annual rate of contribution determined by the
26 Commissioner of Labor and Workforce Development pursuant to
27 subparagraph (ii) of paragraph (1)(G) of this subsection (d), the
28 employee shall be entitled to a refund of the excess if he makes a
29 claim to the controller within two years after the end of the calendar
30 year in which the wages are received with respect to which the
31 refund is claimed and establishes his right to the refund. The refund
32 shall be made by the controller from the "Family Temporary
33 Disability Leave Account" of the State disability benefits fund. No
34 interest shall be allowed or paid with respect to any such refund.
35 The controller shall, in accordance with prescribed regulations,
36 determine the portion of the aggregate amount of the refunds made
37 during any calendar year which is applicable to private plans for
38 which deductions were made under section 9 of the "Temporary
39 Disability Benefits Law" (C.43:21-33), with that determination
40 based upon the ratio of the amount of such wages exempt from
41 contributions to the fund, as provided in paragraph (1)(B) of this
42 subsection (d) with respect to coverage under private plans, to the
43 total wages so exempt plus the amount of such wages subject to
44 contributions to the "Family Temporary Disability Leave Account"
45 of the State disability benefits fund, as provided in subparagraph (ii)
46 of paragraph (1)(G) of this subsection (d). The controller shall, in
47 accordance with prescribed regulations, prorate the amount so
48 determined among the applicable private plans in the proportion

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

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

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

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

35 (e) Contributions by employers to the State disability benefits
36 fund.

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

1 sufficient revenue to keep the account in balance; except that the
2 rate so established shall not be less than 1/10 of 1%. Such
3 contributions shall become due and be paid by the employer to the
4 controller for the State disability benefits fund as established by
5 law, in accordance with such regulations as may be prescribed, and
6 shall not be deducted, in whole or in part, from the remuneration of
7 individuals in his employ. In the payment of any contributions, a
8 fractional part of a cent shall be disregarded unless it amounts to
9 \$0.005 or more, in which case it shall be increased to \$0.01.

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

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

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

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

1 (D) Prior to July 1 of each calendar year, the controller shall
2 make a preliminary determination of the rate of contribution for the
3 12 months commencing on such July 1 for each employer subject to
4 the contribution requirements of this subsection (e).

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

10 (2) If the minimum requirements in subparagraph (D) (1) above
11 have been fulfilled and the credited contributions exceed the
12 benefits charged by more than \$500.00, such preliminary rate shall
13 be as follows:

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

17 (ii) $\frac{15}{100}$ of 1% if such excess over \$500.00 equals or exceeds
18 $1\frac{1}{4}$ % but is less than $1\frac{1}{2}$ % of his average annual payroll;

19 (iii) $\frac{1}{10}$ of 1% if such excess over \$500.00 equals or exceeds 1
20 $\frac{1}{2}$ % of his average annual payroll.

21 (3) If the minimum requirements in subparagraph (D) (1) above
22 have been fulfilled and the contributions credited exceed the
23 benefits charged but by not more than \$500.00 plus 1% of his
24 average annual payroll, or if the benefits charged exceed the
25 contributions credited but by not more than \$500.00, the
26 preliminary rate shall be $\frac{1}{4}$ of 1%.

27 (4) If the minimum requirements in subparagraph (D) (1) above
28 have been fulfilled and the benefits charged exceed the
29 contributions credited by more than \$500.00, such preliminary rate
30 shall be as follows:

31 (i) $\frac{35}{100}$ of 1% if such excess over \$500.00 is less than $\frac{1}{4}$ of
32 1% of his average annual payroll;

33 (ii) $\frac{45}{100}$ of 1% if such excess over \$500.00 equals or exceeds
34 $\frac{1}{4}$ of 1% but is less than $\frac{1}{2}$ of 1% of his average annual payroll;

35 (iii) $\frac{55}{100}$ of 1% if such excess over \$500.00 equals or exceeds
36 $\frac{1}{2}$ of 1% but is less than $\frac{3}{4}$ of 1% of his average annual payroll;

37 (iv) $\frac{65}{100}$ of 1% if such excess over \$500.00 equals or exceeds
38 $\frac{3}{4}$ of 1% but is less than 1% of his average annual payroll;

39 (v) $\frac{75}{100}$ of 1% if such excess over \$500.00 equals or exceeds
40 1% of his average annual payroll.

41 (5) Determination of the preliminary rate as specified in
42 subparagraphs (D)(2), (3) and (4) above shall be subject, however,
43 to the condition that it shall in no event be decreased by more than
44 $\frac{1}{10}$ of 1% of wages or increased by more than $\frac{2}{10}$ of 1% of
45 wages from the preliminary rate determined for the preceding year
46 in accordance with subparagraph (D) (1), (2), (3) or (4), whichever
47 shall have been applicable.

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

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

19 (i) If the percentage determined in accordance with
20 subparagraph (E)(1) of this paragraph equals or exceeds 1 1/4%, the
21 final employer rates shall be the preliminary rates determined as
22 provided in subparagraph (D) hereof, except that if the employer's
23 preliminary rate is determined as provided in subparagraph (D)(2)
24 or subparagraph (D)(3) hereof, the final employer rate shall be the
25 preliminary employer rate decreased by such percentage of excess
26 taken to the nearest 5/100 of 1%, but in no case shall such final rate
27 be less than 1/10 of 1%.

28 (ii) If the percentage determined in accordance with
29 subparagraph (E)(1) of this paragraph equals or exceeds 3/4 of 1%
30 and is less than 1 1/4 of 1%, the final employer rates shall be the
31 preliminary employer rates.

32 (iii) If the percentage determined in accordance with
33 subparagraph (E)(1) of this paragraph is less than 3/4 of 1%, but in
34 excess of 1/4 of 1%, the final employer rates shall be the
35 preliminary employer rates determined as provided in subparagraph
36 (D) hereof increased by the difference between 3/4 of 1% and such
37 percentage taken to the nearest 5/100 of 1%; provided, however,
38 that no such final rate shall be more than 1/4 of 1% in the case of an
39 employer whose preliminary rate is determined as provided in
40 subparagraph (D)(2) hereof, more than 1/2 of 1% in the case of an
41 employer whose preliminary rate is determined as provided in
42 subparagraph (D)(1) and subparagraph (D)(3) hereof, nor more than
43 3/4 of 1% in the case of an employer whose preliminary rate is
44 determined as provided in subparagraph (D)(4) hereof.

45 (iv) If the amount of the State disability benefits fund determined
46 as provided in subparagraph (E)(1) of this paragraph is equal to or
47 less than 1/4 of 1%, then the final rate shall be 2/5 of 1% in the case
48 of an employer whose preliminary rate is determined as provided in

1 subparagraph (D)(2) hereof, 7/10 of 1% in the case of an employer
2 whose preliminary rate is determined as provided in subparagraph
3 (D)(1) and subparagraph (D)(3) hereof, and 1.1% in the case of an
4 employer whose preliminary rate is determined as provided in
5 subparagraph (D)(4) hereof. Notwithstanding any other provision of
6 law or any determination made by the controller with respect to any
7 12-month period commencing on July 1, 1970, the final rates for all
8 employers for the period beginning January 1, 1971, shall be as set
9 forth herein.

10 (F) Notwithstanding any other provisions of this subsection (e),
11 the rate of contribution paid to the State disability benefits fund by
12 each covered employer as defined in paragraph (1) of subsection (a)
13 of section 3 of P.L.1948, c.110 (C.43:21-27), shall be determined as
14 if:

15 (i) No disability benefits have been paid with respect to periods
16 of family temporary disability leave;

17 (ii) No worker paid any contributions to the State disability
18 benefits fund pursuant to paragraph (1)(G)(ii) of subsection (d) of
19 this section; and

20 (iii) No amounts were transferred from the State disability
21 benefits fund to the "Family Temporary Disability Leave Account"
22 pursuant to paragraph (1)(G)(ii) of subsection (d) of this section.
23 (cf: P.L.2011, c.88, s.1)

24

25 2. This act shall take effect immediately.

26

27

28

STATEMENT

29

30 This bill reduces the unemployment insurance (UI) tax rates
31 which will be imposed on employers during fiscal year 2014 by
32 setting them based on the "E" column of the UI tax table in
33 R.S.43:21-7, but without the 10% surcharge provided by that law.
34 The UI tax rate which is being charged to employers during FY
35 2013 is based on column "E" of the tax table. Because the UI trust
36 fund is currently in deficit, the tax rate, under current law, would
37 increase, starting on July 1, 2013, to the highest tax rates set by the
38 law, the rates found in the "E" column, plus an additional 10%
39 surcharge. The bill reduces the UI tax burden on employers by
40 preventing the 10% surcharge from taking effect in fiscal year 2014.