

43:21-5a

LEGISLATIVE HISTORY CHECKLIST

WJSA 43:21-5a (Unemployment compensation--reduce benefits for certain retirees)

LAWS OF 1980 CHAPTER 13

Bill No. S1058

Sponsor(s) Bedell and Gregorio

Date Introduced Feb. 21, 1980

Committee: Assembly -----

Senate Labor, Industry and Professions

Amended during passage Xxx o

Date of Passage: Assembly Feb. 28, 1980

Senate Feb. 25, 1980

Date of approval March 18, 1980

Following statements are attached if available:

Sponsor statement Yes Xxx

Committee Statement: Assembly Xxx no

Senate Yes Xxx

(not attached; identical to sponsor's statement)

Fiscal Note Xxx no

Veto message Xxx no

Message on signing Yes Xxx

Following were printed.

Reports Yes Xxx

Hearings Xxx no

Y3Un2: National Commission on Unemployment Compensation.
1/1980 Unemployment compensation policy decisions:
preliminary. Arlington, Virginia.
(See recommendation IV-A-3 and pp.11-12)

9/1/73

(over)

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Y3Un2: National Commission on Unemployment Compensation.
2Un2/Final Unemployment compensation. Final report...
July, 1980. Arlington, Virginia.
(See especially recommendation IV-A-3 and pp.31-34)

Federal bills under consideration (as mentioned in sponsor's statement)

H.4464
H.5507 -
S.3012
H.7932

SENATE, No. 1058

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 21, 1980

By Senators BEDELL and GREGORIO

Referred to Committee on Labor, Industry and Professions

AN ACT concerning unemployment compensation and supplementing chapter 21 of Title 43 of the Revised Statutes.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. The amount of benefits payable to an individual for any week
2 which begins in a period with respect to which such individual is
3 receiving a governmental or other pension, retirement or retired
4 pay, annuity, or other similar periodic payment which is based on
5 the previous work of such individual shall be reduced, but not below
6 zero, by an amount equal to the amount of such pension, retirement
7 or retired pay, annuity, or other payment, which is reasonably
8 attributable to such week; provided that, such reduced weekly bene-
9 fit rate shall be computed to the next higher multiple of \$1.00 if not
10 already a multiple thereof and that any such reduction in the
11 weekly benefit rate shall reduce the maximum total benefits of the
12 individual during the benefit year; provided further, that, if the
13 provisions of the Federal Unemployment Tax Act permit, the
14 Commissioner of Labor and Industry may prescribe in regulations
15 which are consistent with the Federal Unemployment Tax Act
16 either or both of the following:

17 a. The requirements of this section shall only apply in the case
18 of a pension, retirement or retired pay, annuity, or other similar
19 periodic payment under a plan maintained or contributed to by a
20 base period or chargeable employer as determined under the
21 chapter to which this act is a supplement;

22 b. The amount of any such reduction shall be determined taking
23 into account contributions made by the individual for the pension,
24 retirement or retired pay, annuity or other similar periodic
25 payment.

1 2. This act shall take effect immediately, but shall remain inop-
2 erative until the date on which the Federal Unemployment Tax Act
3 requires the State to comply with its pension deduction provisions
4 in the same manner as is provided in this act.

STATEMENT

The Federal Unemployment Tax Act (FUTA, 26 U.S.C. § 3301 et seq.) establishes minimum standards to which State laws must conform before they will be approved or certified by the United States Secretary of Labor. Lack of approval or certification of a State law can result in the denial of Federal tax credits to employers in that state and the withholding or suspension of administrative grants for the Unemployment Insurance and Job Services operations.

FUTA, § 3304(a)(15) provides that a state must reduce the amount of unemployment benefits payable to an individual by the amount of any public or private pension (including social security and railroad benefits). This provision was added by the 1976 amendments with an effective date of September 30, 1979. The delay in the effective date was to give the National Commission on Unemployment Compensation an opportunity to study the issue—and for the Congress to then act in light of its findings and recommendations. The effective date was later postponed to March 31, 1980.

The National Commission recommended against this provision and legislation is currently pending in the House and in the Senate that would permit a state to:

- 1) restrict application of the pension provision to payments made under a plan maintained or contributed to by a base period or chargeable employer; and
- 2) reduce benefits on less than a dollar for dollar basis to take into account the contributions made by the worker to the plan from which payments are made.

The Senate bill would be effective with respect to weeks beginning after January 1, 1980; the House bill, with respect to weeks beginning after January 1, 1982. The date of final action on these bills is not now determinable.

This bill is intended to bring New Jersey into conformity with FUTA, § 3304(a)(15) before March 31, 1980, at which time non-conformity would make New Jersey employers ineligible for Federal tax credits amounting to almost \$500 million annually and the Department of Labor and Industry ineligible for administrative grants of approximately \$60 million.

The bill allows for maximum flexibility consistent with the proposals now under consideration in Congress by giving the Commissioner of Labor and Industry the power to promulgate regulations allowing for less stringent pension deduction provisions if this is permitted under future Federal legislation.

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S 1058 (1980)

SENATE LABOR, INDUSTRY AND
PROFESSIONS COMMITTEE

STATEMENT TO

SENATE, No. 1058

STATE OF NEW JERSEY

DATED: FEBRUARY 25, 1980

The Federal Unemployment Tax Act (FUTA, 26 U. S. C. § 3301 et seq.) establishes minimum standards to which State laws must conform before they will be approved or certified by the United States Secretary of Labor. Lack of approval or certification of a State law can result in the denial of Federal tax credits to employers in that state and the withholding or suspension of administrative grants for the Unemployment Insurance and Job Services operations.

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FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

MARCH 20, 1980

FOR FURTHER INFORMATION

KATHRYN FORSYTH

Governor Brendan Byrne today signed S-1058, sponsored by Senator Eugene Bedell (D-Monmouth) which conforms the state's unemployment law to standards required by federal law.

As of March 31, federal law will require reduction of unemployment benefits by the amount of any public or private pension, including social security or private pensions.

There is currently legislation pending in Congress to change the federal requirement, and this bill would permit the Commissioner of Labor and Industry to make permissible changes by regulation.

The bill is effective immediately, but will remain inoperative until the date on which federal law requires conformity. This date has been postponed several times in the past.

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