

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 103 or <mailto:refdesk@njstatelib.org>.

REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

No

P.L. 2003, CHAPTER 107, *approved July 1, 2003*
Assembly, No. 3702 (*First Reprint*)

1 AN ACT ¹[redirecting \$325 million in payroll taxes from the
2 unemployment compensation fund to the Health Care Subsidy
3 Fund, changing the thresholds for employer unemployment tax
4 schedules and amending P.L.1992, c.160, R.S.43:21-7 and
5 P.L.1971, c.346] concerning the provision and funding of services
6 and benefits for certain persons and revising parts of the statutory
7 law¹.

8
9 **BE IT ENACTED** by the Senate and General Assembly of the State
10 of New Jersey:

11
12 1. Section 8 of P.L.1992, c.160 (C.26:2H-18.58) is amended to
13 read as follows:

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

16 a. The fund shall be comprised of revenues from employee and
17 employer contributions made pursuant to section 29 of P.L.1992,
18 c.160 (C.43:21-7b), revenues from the hospital assessment made
19 pursuant to section 12 of P.L.1992, c.160 (C.26:2H-18.62), revenues
20 pursuant to section 11 of P.L.1996, c.28 (C.26:2H-18.58c), revenues
21 from interest and penalties collected pursuant to this act and revenues
22 from such other sources as the Legislature shall determine. Interest
23 earned on the monies in the fund shall be credited to the fund. The
24 fund shall be a nonlapsing fund dedicated for use by the State to: (1)
25 distribute charity care and other uncompensated care disproportionate
26 share payments to hospitals, and other eligible providers pursuant to
27 section 8 of P.L.1996, c.28 (C.26:2H-18.59f), provide subsidies for
28 the Health Access New Jersey program established pursuant to section
29 15 of P.L.1992, c.160 (C.26:2H-18.65), and provide funding for
30 children's health care coverage pursuant to P.L.1997, c.272 (C.30:4I-1
31 et seq.); (2) assist hospitals and other health care facilities in the
32 underwriting of innovative and necessary health care services; and (3)
33 provide for the payment in State fiscal year 2002 of appropriate
34 Medicaid expenses, subject to the approval of the Director of the
35 Division of Budget and Accounting.

36 b. The fund shall be administered by a person appointed by the
37 commissioner.

38 The administrator of the fund is responsible for overseeing and
39 coordinating the collection and reimbursement of fund monies. The
40 administrator is responsible for promptly informing the commissioner

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate floor amendments adopted June 30, 2003.

1 if monies are not or are not reasonably expected to be collected or
2 disbursed.

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

6 d. The administrator shall establish separate accounts for the
7 charity care component of the disproportionate share hospital subsidy,
8 other uncompensated care component of the disproportionate share
9 hospital subsidy, hospital and other health care initiatives funding and
10 the payments for subsidies for insurance premiums to provide care in
11 disproportionate share hospitals, known as the Health Access New
12 Jersey subsidy account, respectively.

13 e. In the event that the charity care component of the
14 disproportionate share hospital subsidy account has a surplus in a
15 given year after payments are distributed pursuant to the methodology
16 established in section 13 of P.L.1995, c.133 (C.26:2H-18.59b) and
17 section 7 of P.L.1996, c.28 (C.26:2H-18.59e) and within the
18 limitations provided in subsection e. of section 9 of P.L.1992, c.160
19 (C.26:2H-18.59), the surplus monies in calendar years 2002 [and],
20 2003 and 2004 shall lapse to the unemployment compensation fund
21 established pursuant to R.S.43:21-9, and each year thereafter shall
22 lapse to the charity care component of the disproportionate share
23 hospital subsidy account for distribution in subsequent years.
24 (cf: P.L.2002, c.13, s.1)

25

26 ¹2. R.S.43:21-3 is amended to read as follows:

27 43:21-3. Benefits.

28 (a) Payment of benefits.

29 All benefits shall be promptly paid from the fund in accordance with
30 such regulations as may be prescribed hereunder.

31 (b) Weekly benefits for unemployment.

32 With respect to an individual's benefit year commencing on or after
33 July 1, 1961, such individual, if eligible and unemployed (as defined in
34 subsection (m) of R.S.43:21-19), shall be paid an amount (except as
35 to final payment) equal to his weekly benefit rate less any
36 remuneration, other than remuneration from self-employment paid to
37 an individual who is receiving a self-employment assistance allowance,
38 paid or payable to him for such week in excess of 20% of his weekly
39 benefit rate (fractional part of a dollar omitted) or \$5.00, whichever is
40 the greater; provided that such amount shall be computed to the next
41 lower multiple of \$1.00 if not already a multiple thereof.

42 (c) Weekly benefit rate.

43 (1) With respect to an individual whose benefit year commences
44 after September 30, 1984, his weekly benefit rate under each
45 determination shall be 60% of his average weekly wage, subject to a
46 maximum of 56 2/3 % of the Statewide average weekly remuneration

1 paid to workers by employers subject to this chapter (R.S.43:21-1 et
2 seq.), as determined and promulgated by the Commissioner of Labor;
3 provided, however, that such individual's weekly benefit rate shall be
4 computed to the next lower multiple of \$1.00 if not already a multiple
5 thereof.

6 (2) Dependency benefits.

7 (A) With respect to an individual whose benefit year commences
8 after September 30, 1984, the individual's weekly benefit rate as
9 determined in paragraph (1) of this subsection (c) will be increased by
10 7% for the first dependent and 4% each for the next two dependents
11 (up to a maximum of three dependents), computed to the next lower
12 multiple of \$1.00 if not already a multiple thereof, except that the
13 maximum weekly benefit rate payable for an individual claiming
14 dependency benefits shall not exceed the maximum amount determined
15 under paragraph (1) of this subsection (c).

16 (B) For the purposes of this paragraph (2), a dependent is defined
17 as an individual's unemployed spouse or an unemployed unmarried
18 child (including a stepchild or a legally adopted child) under the age
19 of 19 or an unemployed unmarried child, who is attending an
20 educational institution as defined in subsection (y) of R.S.43:21-19 on
21 a full-time basis and is under the age of 22. If an individual's spouse
22 is employed during the week the individual files an initial claim for
23 benefits, this paragraph (2) shall not apply. If both spouses establish
24 a claim for benefits in accordance with the provisions of this chapter
25 (R.S.43:21-1 et seq.), only one shall be entitled to dependency benefits
26 as provided in this paragraph (2).

27 (C) Any determination establishing dependency benefits under this
28 paragraph (2) shall remain fixed for the duration of the individual's
29 benefit year and shall not be increased or decreased unless it is
30 determined by the division that the individual wrongfully claimed
31 dependency benefits as a result of false or fraudulent representation.

32 (D) Notwithstanding the provisions of any other law, the division
33 shall use every available administrative means to insure that
34 dependency benefits are paid only to individuals who meet the
35 requirements of this paragraph (2). These administrative actions may
36 include, but shall not be limited to, the following:

37 (i) All married individuals claiming dependents under this
38 paragraph (2) shall be required to provide the social security number
39 of the individual's spouse. If the individual indicates that the spouse
40 is unemployed, the division shall match the social security number of
41 the spouse against available wage records to determine whether
42 earnings were reported on the last quarterly earnings report filed by
43 employers under R.S.43:21-14 [of this chapter]. If earnings were
44 reported, the division shall contact in writing the last employer to
45 determine whether the spouse is currently employed.

46 (ii) Where a child is claimed as a dependent by an individual under

1 this paragraph (2), the individual shall be required to provide to the
2 division the most recent federal income tax return filed by the
3 individual to assist the division in verifying the claim.

4 (3) For the purposes of this subsection (c), the "Statewide average
5 weekly remuneration paid to workers by employers" shall be computed
6 and determined by the Commissioner of Labor on or before September
7 1 of each year on the basis of one-fifty-second of the total
8 remuneration reported for the preceding calendar year by employers
9 subject to this chapter, divided by the average of the number of
10 workers reported by such employers, and shall be effective as to
11 benefit determinations in the calendar year following such computation
12 and determination.

13 (d) Maximum total benefits.

14 (1) (A) [With respect to an individual to whom benefits shall be
15 payable for benefit years commencing on or after January 1, 1975 and
16 prior to July 1, 1986, as provided in this section, such individual shall
17 be entitled to receive, under each successive benefit determination
18 relating to each of his base year employers, a total amount of benefits
19 equal to three-quarters of his base weeks from the employer in
20 question multiplied by his weekly benefit rate; but the amount of
21 benefits thus resulting under any such determination made with respect
22 to any employer shall be adjusted to the next lower multiple of \$1.00
23 if not already a multiple thereof] (~~Deleted by amendment, P.L. ____~~
24 ~~c. ____~~).

25 (B) (i) With respect to an individual for whom benefits shall be
26 payable for benefit years commencing on or after July 1, 1986, and
27 before July 1, 2003, and on or after July 1, 2005, as provided in this
28 section, the individual shall be entitled to receive a total amount of
29 benefits equal to three-quarters of the individual's base weeks with all
30 employers in the base year multiplied by the individual's weekly benefit
31 rate; but the amount of benefits thus resulting under that determination
32 shall be adjusted to the next lower multiple of \$1.00 if not already a
33 multiple thereof. With respect to an individual for whom benefits shall
34 be payable for benefit years commencing on or after July 1, 2003 and
35 before July 1, 2005, as provided in this section, the individual shall be
36 entitled to receive a total amount of benefits equal to the number of
37 the individual's base weeks with all employers in the base year
38 multiplied by the individual's weekly benefit rate; but the amount of
39 benefits thus resulting under that determination shall be adjusted to the
40 next lower multiple of \$1.00 if not already a multiple thereof.

41 (ii) Except as provided pursuant to paragraph (1) of subsection (c)
42 of R.S.43:21-7, benefits paid to an individual for benefit years
43 commencing on or after July 1, 1986 shall be charged against the
44 accounts of the individual's base year employers in the following
45 manner:

46 Each week of benefits paid to an eligible individual shall be charged

1 against each base year employer's account in the same proportion that
2 the wages paid by each employer to the individual during the base year
3 bear to the wages paid by all employers to that individual during the
4 base year.

5 (iii) (Deleted by amendment, P.L.1997, c.255.)

6 (2) No such individual shall be entitled to receive benefits under
7 this chapter (R.S.43:21-1 et seq.) in excess of 26 times his weekly
8 benefit rate in any benefit year under either of subsections (c) and (f)
9 of [section] R.S. 43:21-4 [of this chapter (R.S.43:21-1 et seq.)]. In
10 the event that any individual qualifies for benefits under both of said
11 subsections during any benefit year, the maximum total amount of
12 benefits payable under said subsections combined to such individual
13 during the benefit year shall be one and one-half times the maximum
14 amount of benefits payable under one of said subsections.

15 (3) (Deleted by amendment, P.L.1984, c.24.)¹

16 (cf: P.L.1997, c.255, s.1)

17

18 ¹[2.] 3.¹ R.S.43:21-7 is amended to read as follows:

19 43:21-7. Contributions. Employers other than governmental
20 entities, whose benefit financing provisions are set forth in section 4
21 of P.L.1971, c.346 (C.43:21-7.3), and those nonprofit organizations
22 liable for payment in lieu of contributions on the basis set forth in
23 section 3 of P.L.1971, c.346 (C.43:21-7.2), shall pay to the controller
24 for the unemployment compensation fund, contributions as set forth
25 in subsections (a), (b) and (c) hereof, and the provisions of subsections
26 (d) and (e) shall be applicable to all employers, consistent with the
27 provisions of the "unemployment compensation law" and the
28 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et
29 seq.).

30 (a) Payment.

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

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

42 (b) Rate of contributions. Each employer shall pay the following
43 contributions:

44 (1) For the calendar year 1947, and each calendar year thereafter,
45 2 7/10% of wages paid by him during each such calendar year, except
46 as otherwise prescribed by subsection (c) of this section.

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

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

37 (c) Future rates based on benefit experience.

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

1 construed to grant any employer or individuals in his service prior
2 claims or rights to the amounts paid by him into the fund either on his
3 own behalf or on behalf of such individuals. Benefits paid with respect
4 to benefit years commencing on and after January 1, 1953, to any
5 individual on or before December 31 of any calendar year with respect
6 to unemployment in such calendar year and in preceding calendar years
7 shall be charged against the account or accounts of the employer or
8 employers in whose employment such individual established base
9 weeks constituting the basis of such benefits, except that, with respect
10 to benefit years commencing after January 4, 1998, an employer's
11 account shall not be charged for benefits paid to a claimant if the
12 claimant's employment by that employer was ended in any way which,
13 pursuant to subsection (a), (b), (c), (f), (g) or (h) of R.S.43:21-5,
14 would have disqualified the claimant for benefits if the claimant had
15 applied for benefits at the time when that employment ended. Benefits
16 paid under a given benefit determination shall be charged against the
17 account of the employer to whom such determination relates. When
18 each benefit payment is made, either a copy of the benefit check or
19 other form of notification shall be promptly sent to the employer
20 against whose account the benefits are to be charged. Such copy or
21 notification shall identify the employer against whose account the
22 amount of such payment is being charged, shall show at least the name
23 and social security account number of the claimant and shall specify
24 the period of unemployment to which said check applies. If the total
25 amount of benefits paid to a claimant and charged to the account of
26 the appropriate employer exceeds 50% of the total base year, base
27 week wages paid to the claimant by that employer, then such employer
28 shall have canceled from his account such excess benefit charges as
29 specified above.

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

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

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

43 (4) Employer Reserve Ratio. (A) Each employer's rate shall be 2
44 8/10%, except as otherwise provided in the following provisions. No
45 employer's rate for the 12 months commencing July 1 of any calendar
46 year shall be other than 2 8/10%, unless as of the preceding January 31

1 such employer shall have paid contributions with respect to wages paid
2 in each of the three calendar years immediately preceding such year,
3 in which case such employer's rate for the 12 months commencing July
4 1 of any calendar year shall be determined on the basis of his record up
5 to the beginning of such calendar year. If, at the beginning of such
6 calendar year, the total of all his contributions, paid on his own behalf,
7 for all past years exceeds the total benefits charged to his account for
8 all such years, his contribution rate shall be:

9 (1) $2\frac{5}{10}\%$, if such excess equals or exceeds 4%, but less than
10 5%, of his average annual payroll (as defined in paragraph (2),
11 subsection (a) of R.S.43:21-19);

12 (2) $2\frac{2}{10}\%$, if such excess equals or exceeds 5%, but is less than
13 6%, of his average annual payroll;

14 (3) $1\frac{9}{10}\%$, if such excess equals or exceeds 6%, but is less than
15 7%, of his average annual payroll;

16 (4) $1\frac{6}{10}\%$, if such excess equals or exceeds 7%, but is less than
17 8%, of his average annual payroll;

18 (5) $1\frac{3}{10}\%$, if such excess equals or exceeds 8%, but is less than
19 9%, of his average annual payroll;

20 (6) 1%, if such excess equals or exceeds 9%, but is less than 10%,
21 of his average annual payroll;

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

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

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

30 (1) 4%, if such excess is less than 10% of his average annual
31 payroll;

32 (2) $4\frac{3}{10}\%$, if such excess equals or exceeds 10%, but is less than
33 20%, of his average annual payroll;

34 (3) $4\frac{6}{10}\%$, if such excess equals or exceeds 20% of his average
35 annual payroll.

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

41 (i) if the reserve balance in its account is positive, its assigned rate
42 shall be the highest rate in effect for positive balance accounts for that
43 period, or 5.4%, whichever is higher, and (ii) if the reserve balance
44 in its account is negative, its assigned rate shall be the highest rate in
45 effect for deficit accounts for that period.

46 (D) The contribution rates prescribed by subparagraphs (A) and

1 (B) of this paragraph (4) shall be increased or decreased in accordance
2 with the provisions of paragraph (5) of this subsection (c) for
3 experience rating periods through June 30, 1986.

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

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

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

1 established under the provisions of paragraphs (3) and (4) of this
 2 subsection; provided that in no event shall the contribution rate of any
 3 employer be reduced to less than 4/10 of 1%. If on March 31 of any
 4 calendar year the balance in the unemployment trust fund equals or
 5 exceeds 12 1/2% of the total taxable wages reported to the controller
 6 as of that date in respect to employment during the preceding calendar
 7 year, the contribution rate, effective July 1 following, of each
 8 employer eligible for a contribution rate calculation based upon benefit
 9 experience, shall be reduced by 6/10 of 1% if his account for all past
 10 periods reflects an excess of contributions paid over total benefits
 11 charged of 3% or more of his average annual payroll, otherwise by
 12 3/10 of 1% under the contribution rate otherwise established under the
 13 provisions of paragraphs (3) and (4) of this subsection; provided that
 14 in no event shall the contribution rate of any employer be reduced to
 15 less than 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 Security
 19 Act, as amended (42 U.S.C.s.1103), during any period in which such
 20 moneys are appropriated for the payment of expenses incurred in the
 21 administration of the "unemployment compensation law."

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

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

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

30 (iii) [With respect to experience rating years beginning on or after
 31 July 1, 1998 and before July 1, 2002, the new employer rate or the
 32 unemployment experience rate of an employer under this section shall
 33 be the rate which appears in the column headed by the Unemployment
 34 Trust Fund Reserve Ratio as of the applicable calculation date and on
 35 the line with the Employer Reserve Ratio, as defined in paragraph 4 of
 36 this subsection (R.S.43:21-7 (c)(4)), as set forth in the following table:

37

EXPERIENCE RATING TAX TABLE

38

Fund Reserve Ratio¹

39

40

41

42

43

44

45

46

	4.50%	3.50%	3.00%	2.50%	2.49%
Employer	and	to	to	to	and
Reserve	Over	4.49%	3.49%	2.99%	Under
Ratio ²	A	B	C	D	E
Positive Reserve Ratio:					
17% and over	0.3	0.4	0.5	0.6	1.2

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

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

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

35 (iv) With respect to the experience rating [years] year beginning
36 on [or after] July 1, 2002, the new employer rate or the
37 unemployment experience rate of an employer under this section shall
38 be the rate which appears in the column headed by the Unemployment
39 Trust Fund Reserve Ratio as of the applicable calculation date and on
40 the line with the Employer Reserve Ratio, as defined in paragraph 4 of
41 this subsection (R.S.43:21-7 (c)(4)), as set forth in the following table:

EXPERIENCE RATING TAX TABLE					
Fund Reserve Ratio ¹					
	3.50%	3.00%	2.50%	2.00%	1.99%
Employer Reserve Ratio ²	and Over A	to B	to C	to D	and Under 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).

(v) With respect to experience rating years beginning on or after July 1, 2003, 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

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

4

5 EXPERIENCE RATING TAX TABLE

6 Fund Reserve Ratio¹

7

	<u>2.50%</u>	<u>2.00%</u>	<u>1.50%</u>	<u>1.00%</u>	<u>0.99%</u>
<u>Employer</u>	<u>and</u>	<u>to</u>	<u>to</u>	<u>to</u>	<u>and</u>
<u>Reserve</u>	<u>Over</u>	<u>2.49%</u>	<u>1.99%</u>	<u>1.49%</u>	<u>Under</u>
<u>Ratio²</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
<u>Positive Reserve Ratio:</u>					
<u>17% and over</u>	<u>0.3</u>	<u>0.4</u>	<u>0.5</u>	<u>0.6</u>	<u>1.2</u>
<u>16.00% to 16.99%</u>	<u>0.4</u>	<u>0.5</u>	<u>0.6</u>	<u>0.6</u>	<u>1.2</u>
<u>15.00% to 15.99%</u>	<u>0.4</u>	<u>0.6</u>	<u>0.7</u>	<u>0.7</u>	<u>1.2</u>
<u>14.00% to 14.99%</u>	<u>0.5</u>	<u>0.6</u>	<u>0.7</u>	<u>0.8</u>	<u>1.2</u>
<u>13.00% to 13.99%</u>	<u>0.6</u>	<u>0.7</u>	<u>0.8</u>	<u>0.9</u>	<u>1.2</u>
<u>12.00% to 12.99%</u>	<u>0.6</u>	<u>0.8</u>	<u>0.9</u>	<u>1.0</u>	<u>1.2</u>
<u>11.00% to 11.99%</u>	<u>0.7</u>	<u>0.8</u>	<u>1.0</u>	<u>1.1</u>	<u>1.2</u>
<u>10.00% to 10.99%</u>	<u>0.9</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.6</u>
<u>9.00% to 9.99%</u>	<u>1.0</u>	<u>1.3</u>	<u>1.6</u>	<u>1.7</u>	<u>1.9</u>
<u>8.00% to 8.99%</u>	<u>1.3</u>	<u>1.6</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>
<u>7.00% to 7.99%</u>	<u>1.4</u>	<u>1.8</u>	<u>2.2</u>	<u>2.4</u>	<u>2.6</u>
<u>6.00% to 6.99%</u>	<u>1.7</u>	<u>2.1</u>	<u>2.5</u>	<u>2.8</u>	<u>3.0</u>
<u>5.00% to 5.99%</u>	<u>1.9</u>	<u>2.4</u>	<u>2.8</u>	<u>3.1</u>	<u>3.4</u>
<u>4.00% to 4.99%</u>	<u>2.0</u>	<u>2.6</u>	<u>3.1</u>	<u>3.4</u>	<u>3.7</u>
<u>3.00% to 3.99%</u>	<u>2.1</u>	<u>2.7</u>	<u>3.2</u>	<u>3.6</u>	<u>3.9</u>
<u>2.00% to 2.99%</u>	<u>2.2</u>	<u>2.8</u>	<u>3.3</u>	<u>3.7</u>	<u>4.0</u>
<u>1.00% to 1.99%</u>	<u>2.3</u>	<u>2.9</u>	<u>3.4</u>	<u>3.8</u>	<u>4.1</u>
<u>0.00% to 0.99%</u>	<u>2.4</u>	<u>3.0</u>	<u>3.6</u>	<u>4.0</u>	<u>4.3</u>
<u>Deficit Reserve Ratio:</u>					
<u>-0.00% to -2.99%</u>	<u>3.4</u>	<u>4.3</u>	<u>5.1</u>	<u>5.6</u>	<u>6.1</u>
<u>-3.00% to -5.99%</u>	<u>3.4</u>	<u>4.3</u>	<u>5.1</u>	<u>5.7</u>	<u>6.2</u>
<u>-6.00% to -8.99%</u>	<u>3.5</u>	<u>4.4</u>	<u>5.2</u>	<u>5.8</u>	<u>6.3</u>
<u>-9.00% to -11.99%</u>	<u>3.5</u>	<u>4.5</u>	<u>5.3</u>	<u>5.9</u>	<u>6.4</u>
<u>-12.00% to -14.99%</u>	<u>3.6</u>	<u>4.6</u>	<u>5.4</u>	<u>6.0</u>	<u>6.5</u>
<u>-15.00% to -19.99%</u>	<u>3.6</u>	<u>4.6</u>	<u>5.5</u>	<u>6.1</u>	<u>6.6</u>
<u>-20.00% to -24.99%</u>	<u>3.7</u>	<u>4.7</u>	<u>5.6</u>	<u>6.2</u>	<u>6.7</u>
<u>-25.00% to -29.99%</u>	<u>3.7</u>	<u>4.8</u>	<u>5.6</u>	<u>6.3</u>	<u>6.8</u>
<u>-30.00% to -34.99%</u>	<u>3.8</u>	<u>4.8</u>	<u>5.7</u>	<u>6.3</u>	<u>6.9</u>
<u>-35.00% and under</u>	<u>5.4</u>	<u>5.4</u>	<u>5.8</u>	<u>6.4</u>	<u>7.0</u>
<u>New Employer Rate</u>	<u>2.8</u>	<u>2.8</u>	<u>2.8</u>	<u>3.1</u>	<u>3.4</u>

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

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

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

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

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

20 (H) On or after January 1, 1993 until December 31, 1993,
21 notwithstanding any other provisions of this paragraph (5), the
22 contribution rate for each employer liable to pay contributions, as
23 computed under subparagraph (E) of this paragraph (5), shall be
24 decreased by a factor of 52.0% computed to the nearest multiple of
25 1/10%, except that, if an employer has a deficit reserve ratio of
26 negative 35.0% or under, the employer's rate of contribution shall not
27 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
28 amount of the reduction in the employer contributions stipulated by
29 this subparagraph (H) shall be in addition to the amount of the
30 reduction in the employer contributions stipulated by subparagraph (G)
31 of this paragraph (5), except that the rate of contribution of an
32 employer who has a deficit reserve ratio of negative 35.0% or under
33 shall not be reduced pursuant to this subparagraph (H) to less than
34 5.4% and the rate of contribution of any other employer shall not be
35 reduced to less than 0.0%.

36 On or after January 1, 1994 until December 31, 1995, except as
37 provided pursuant to subparagraph (I) of this paragraph (5),
38 notwithstanding any other provisions of this paragraph (5), the
39 contribution rate for each employer liable to pay contributions, as
40 computed under subparagraph (E) of this paragraph (5), shall be
41 decreased by a factor of 36.0% computed to the nearest multiple of
42 1/10%, except that, if an employer has a deficit reserve ratio of
43 negative 35.0% or under, the employer's rate of contribution shall not
44 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
45 amount of the reduction in the employer contributions stipulated by
46 this subparagraph (H) shall be in addition to the amount of the

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

7 On or after April 1, 1996 until December 31, 1996, the contribution
8 rate for each employer liable to pay contributions, as computed under
9 subparagraph (E) of this paragraph (5), shall be decreased by a factor
10 of 25.0% computed to the nearest multiple of 1/10%, except that, if
11 an employer has a deficit reserve ratio of negative 35.0% or under, the
12 employer's rate of contribution shall not be reduced pursuant to this
13 subparagraph (H) to less than 5.4%. The amount of the reduction in
14 the employer contributions stipulated by this subparagraph (H) shall
15 be in addition to the amount of the reduction in the employer
16 contributions stipulated by subparagraph (G) of this paragraph (5),
17 except that the rate of contribution of an employer who has a deficit
18 reserve ratio of negative 35.0% or under shall not be reduced pursuant
19 to this subparagraph (H) to less than 5.4% and the rate of contribution
20 of any other employer shall not be reduced to less than 0.0%.

21 On or after January 1, 1997 until December 31, 1997, the
22 contribution rate for each employer liable to pay contributions, as
23 computed under subparagraph (E) of this paragraph (5), shall be
24 decreased by a factor of 10.0% computed to the nearest multiple of
25 1/10%, except that, if an employer has a deficit reserve ratio of
26 negative 35.0% or under, the employer's rate of contribution shall not
27 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
28 amount of the reduction in the employer contributions stipulated by
29 this subparagraph (H) shall be in addition to the amount of the
30 reduction in the employer contributions stipulated by subparagraph (G)
31 of this paragraph (5), except that the rate of contribution of an
32 employer who has a deficit reserve ratio of negative 35.0% or under
33 shall not be reduced pursuant to this subparagraph (H) to less than
34 5.4% and the rate of contribution of any other employer shall not be
35 reduced to less than 0.0%.

36 On and after January 1, 1998 until December 31, 2000 and on or
37 after January 1, 2002 until June 30, ~~[2003]~~ 2004, the contribution rate
38 for each employer liable to pay contributions, as computed under
39 subparagraph (E) of this paragraph (5), shall be decreased by a factor,
40 as set out below, computed to the nearest multiple of 1/10%, except
41 that, if an employer has a deficit reserve ratio of negative 35.0% or
42 under, the employer's rate of contribution shall not be reduced
43 pursuant to this subparagraph (H) to less than 5.4%:

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

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

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

1 From January 1, 2002 until March 31, 2002, a factor of 36%;
2 From April 1, 2002 until June 30, 2002, a factor of 85%;
3 From July 1, 2002 until June 30, 2003, a factor of 15%; and
4 From July 1, 2003 until June 30, 2004, a factor of 15%.

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

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

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

31 If, upon calculating the unemployment compensation fund reserve
32 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, 2000, the
33 controller finds that the fund reserve ratio has decreased to a level of
34 less than 3.00%, the Commissioner of Labor shall notify the State
35 Treasurer of this fact and of the dollar amount necessary to bring the
36 fund reserve ratio up to a level of 3.00%. The State Treasurer shall,
37 prior to March 31, 2000, transfer from the General Fund to the
38 unemployment compensation fund, revenues in the amount specified
39 by the commissioner and which, upon deposit in the unemployment
40 compensation fund, shall result, upon recalculation, in a fund reserve
41 ratio used to determine employer contributions beginning July 1, 2000
42 of at least 3.00%.

43 (J) On or after July 1, 2001, notwithstanding any other provisions
44 of this paragraph (5), the contribution rate for each employer liable to
45 pay contributions, as computed under subparagraph (E) of this
46 paragraph (5), shall be decreased by 0.0175%, except that, during any

1 experience rating year starting on or after July 1, 2001, in which the
2 fund reserve ratio is equal to or greater than 3.5%, there shall be no
3 decrease pursuant to this subparagraph (J) in the contribution of any
4 employer who has a deficit reserve ratio of negative 35.00% or under.
5 The amount of the reduction in the employer contributions stipulated
6 by this subparagraph (J) shall be in addition to the amount of the
7 reduction in the employer contributions stipulated by subparagraphs
8 (G) and (H) of this paragraph (5), except that the rate of contribution
9 of an employer who has a deficit reserve ratio of negative 35.0% or
10 under shall not be reduced pursuant to this subparagraph (J) to less
11 than 5.4% and the rate of contribution of any other employer shall not
12 be reduced to less than 0.0%.

13 (6) Additional contributions.

14 Notwithstanding any other provision of law, any employer who has
15 been assigned a contribution rate pursuant to subsection (c) of this
16 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. Any
21 such additional contribution shall be made during the 30-day period
22 following the date of the mailing to the employer of the notice of his
23 contribution rate as prescribed in this section, unless, for good cause,
24 the time for payment has been extended by the controller for not to
25 exceed an additional 60 days; provided that in no event may such
26 payments which are made later than 120 days after the beginning of
27 the year for which such rates are effective be considered in
28 determining the experience rate for the year in which the payment is
29 made. Any employer receiving any extended period of time within
30 which to make such additional payment and failing to make such
31 payment timely shall be, in addition to the required amount of
32 additional payment, a penalty of 5% thereof or \$5.00, whichever is
33 greater, not to exceed \$50.00. Any adjustment under this subsection
34 shall be made only in the form of credits against accrued or future
35 contributions.

36 (7) Transfers.

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

1 of the future employment experience of the successor in interest.
2 Unless the predecessor employer was owned or controlled (by legally
3 enforceable means or otherwise), directly or indirectly, by the
4 successor in interest, or the predecessor employer and the successor
5 in interest were owned or controlled (by legally enforceable means or
6 otherwise), directly or indirectly, by the same interest or interests, the
7 transfer of the employment experience of the predecessor shall not be
8 effective if such successor in interest, within four months of the date
9 of such transfer of the organization, trade, assets or business, or
10 thereafter upon good cause shown, files a written notice protesting the
11 transfer of the employment experience of the predecessor employer.

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

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

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

40 (1) (A) For periods after January 1, 1975, each worker shall
41 contribute to the fund 1% of his wages with respect to his employment
42 with an employer, which occurs on and after January 1, 1975, after
43 such employer has satisfied the condition set forth in subsection (h) of
44 R.S.43:21-19 with respect to becoming an employer; provided,
45 however, that such contributions shall be at the rate of 1/2 of 1% of
46 wages paid with respect to employment while the worker is in the

1 employ of the State of New Jersey, or any governmental entity or
2 instrumentality which is an employer as defined under
3 R.S.43:21-19(h)(5), or is covered by an approved private plan under
4 the "Temporary Disability Benefits Law" or while the worker is
5 exempt from the provisions of the "Temporary Disability Benefits
6 Law" under section 7 of that law, P.L.1948, c.110 (C.43:21-31).

7 (B) Effective January 1, 1978 there shall be no contributions by
8 workers in the employ of any governmental or nongovernmental
9 employer electing or required to make payments in lieu of
10 contributions unless the employer is covered by the State plan under
11 the "Temporary Disability Benefits Law" (C.43:21-37 et seq.), and in
12 that case contributions shall be at the rate of 1/2 of 1%, except that
13 commencing July 1, 1986, workers in the employ of any
14 nongovernmental employer electing or required to make payments in
15 lieu of contributions shall be required to make contributions to the
16 fund at the same rate prescribed for workers of other nongovernmental
17 employers.

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

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

44 (D) Notwithstanding any other provisions of this paragraph (1),
45 during the period starting January 1, 1993 and ending June 30, 1994,
46 each worker shall contribute to the unemployment compensation fund

1 0.5% of wages paid with respect to the worker's employment with a
2 governmental employer electing or required to pay contributions or
3 nongovernmental employer, including a nonprofit organization which
4 is an employer as defined under paragraph (6) of subsection (h) of
5 R.S.43:21-19, regardless of whether that nonprofit organization elects
6 or is required to finance its benefit costs with contributions to the fund
7 or by payments in lieu of contributions, after that employer has
8 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
9 with respect to becoming an employer. No contributions, however,
10 shall be made by the worker while the worker is covered by an
11 approved private plan under the "Temporary Disability Benefits Law,"
12 P.L.1948, c.110 (C.43:21-25 et seq.) or while the worker is exempt
13 under section 7 of P.L.1948, c.110 (C.43:21-31) or any other
14 provision of that law; provided that the contributions shall be at the
15 rate of 0.50% of wages paid with respect to employment with the
16 State of New Jersey or any other governmental entity or
17 instrumentality electing or required to make payments in lieu of
18 contributions and which is covered by the State plan under the
19 "Temporary Disability Benefits Law," except that, while the worker is
20 exempt from the provisions of the "Temporary Disability Benefits
21 Law" under section 7 of that law, P.L.1948, c.110 (C.43:21-31) or any
22 other provision of that law, or is covered for disability benefits by an
23 approved private plan of the employer, no contributions shall be made
24 to the fund.

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

40 Each worker shall, starting on January 1, 1998 and ending
41 December 31, 1998, contribute to the unemployment compensation
42 fund 0.10% of wages paid with respect to the worker's employment
43 with a governmental employer electing or required to pay
44 contributions or nongovernmental employer, including a nonprofit
45 organization which is an employer as defined under paragraph (6) of
46 subsection (h) of R.S.43:21-19, regardless of whether that nonprofit

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

9 Each worker shall, starting on January 1, 1999 until December 31,
10 1999, contribute to the unemployment compensation fund 0.15% of
11 wages paid with respect to the worker's employment with a
12 governmental employer electing or required to pay contributions or
13 nongovernmental employer, including a nonprofit organization which
14 is an employer as defined under paragraph (6) of subsection (h) of
15 R.S.43:21-19, regardless of whether that nonprofit organization elects
16 or is required to finance its benefit costs with contributions to the fund
17 or by payments in lieu of contributions, after that employer has
18 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
19 with respect to becoming an employer, provided that the contributions
20 shall be at the rate of 0.10% of wages paid with respect to
21 employment with the State of New Jersey or any other governmental
22 entity or instrumentality electing or required to make payments in lieu
23 of contributions.

24 Each worker shall, starting on January 1, 2000 until December 31,
25 2001, contribute to the unemployment compensation fund 0.20% of
26 wages paid with respect to the worker's employment with a
27 governmental employer electing or required to pay contributions or
28 nongovernmental employer, including a nonprofit organization which
29 is an employer as defined under paragraph (6) of subsection (h) of
30 R.S.43:21-19, regardless of whether that nonprofit organization elects
31 or is required to finance its benefit costs with contributions to the fund
32 or by payments in lieu of contributions, after that employer has
33 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
34 with respect to becoming an employer, provided that the contributions
35 shall be at the rate of 0.10% of wages paid with respect to
36 employment with the State of New Jersey or any other governmental
37 entity or instrumentality electing or required to make payments in lieu
38 of contributions.

39 Each worker shall, starting on January 1, 2002 until June 30,
40 [2003] 2004, contribute to the unemployment compensation fund
41 0.1825% of wages paid with respect to the worker's employment with
42 a governmental employer electing or required to pay contributions or
43 a nongovernmental employer, including a nonprofit organization which
44 is an employer as defined under paragraph (6) of subsection (h) of
45 R.S.43:21-19, regardless of whether that nonprofit organization elects
46 or is required to finance its benefit costs with contributions to the fund

1 or by payments in lieu of contributions, after that employer has
2 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
3 with respect to becoming an employer, provided that the contributions
4 shall be at the rate of 0.0825% of wages paid with respect to
5 employment with the State of New Jersey or any other governmental
6 entity or instrumentality electing or required to make payments in lieu
7 of contributions.

8 Each worker shall, starting on and after July 1, [2003] 2004,
9 contribute to the unemployment compensation fund 0.3825% of wages
10 paid with respect to the worker's employment with a governmental
11 employer electing or required to pay contributions or nongovernmental
12 employer, including a nonprofit organization which is an employer as
13 defined under paragraph (6) of subsection (h) of R.S.43:21-19,
14 regardless of whether that nonprofit organization elects or is required
15 to finance its benefit costs with contributions to the fund or by
16 payments in lieu of contributions, after that employer has satisfied the
17 conditions set forth in subsection (h) of R.S.43:21-19 with respect to
18 becoming an employer, provided that the contributions shall be at the
19 rate of 0.0825% of wages paid with respect to employment with the
20 State of New Jersey or any other governmental entity or
21 instrumentality electing or required to make payments in lieu of
22 contributions.

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

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

40 (G) Each worker shall, starting on July 1, 1994, contribute to the
41 State disability benefits fund an amount equal to 0.50% of wages paid
42 with respect to the worker's employment with a government employer
43 electing or required to pay contributions to the State disability benefits
44 fund or nongovernmental employer, including a nonprofit organization
45 which is an employer as defined under paragraph (6) of subsection (h)
46 of R.S.43:21-19, unless the employer is covered by an approved

1 private disability plan or is exempt from the provisions of the
2 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et
3 seq.) under section 7 of that law (C.43:21-31) or any other provision
4 of that law.

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

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

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

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

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

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

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

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

1 contributions shall apply to such assessments. The amount so
2 recovered by the controller shall be paid into the State disability
3 benefits fund.

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

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

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

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

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

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

43 (1) Such preliminary rate shall be 1/2 of 1% unless on the
44 preceding January 31 of such year such employer shall have been a
45 covered employer who has paid contributions to the State disability
46 benefits fund with respect to employment in the three calendar years

1 immediately preceding such year.

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

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

8 (ii) $\frac{15}{100}$ of 1% if such excess over \$500.00 equals or exceeds 1
9 $\frac{1}{4}$ % but is less than $1\frac{1}{2}$ % of his average annual payroll;

10 (iii) $\frac{1}{10}$ of 1% if such excess over \$500.00 equals or exceeds 1
11 $\frac{1}{2}$ % of his average annual payroll.

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

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

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

22 (ii) $\frac{45}{100}$ of 1% if such excess over \$500.00 equals or exceeds
23 $\frac{1}{4}$ of 1% but is less than $\frac{1}{2}$ of 1% of his average annual payroll;

24 (iii) $\frac{55}{100}$ of 1% if such excess over \$500.00 equals or exceeds
25 $\frac{1}{2}$ of 1% but is less than $\frac{3}{4}$ of 1% of his average annual payroll;

26 (iv) $\frac{65}{100}$ of 1% if such excess over \$500.00 equals or exceeds
27 $\frac{3}{4}$ of 1% but is less than 1% of his average annual payroll;

28 (v) $\frac{75}{100}$ of 1% if such excess over \$500.00 equals or exceeds
29 1% of his average annual payroll.

30 (5) Determination of the preliminary rate as specified in (2), (3)
31 and (4) above shall be subject, however, to the condition that it shall
32 in no event be decreased by more than $\frac{1}{10}$ of 1% of wages or
33 increased by more than $\frac{2}{10}$ of 1% of wages from the preliminary rate
34 determined for the preceding year in accordance with (1), (2), (3) or
35 (4), whichever shall have been applicable.

36 (E) (1) Prior to July 1 of each calendar year the controller shall
37 determine the amount of the State disability benefits fund as of
38 December 31 of the preceding calendar year, increased by the
39 contributions paid thereto during January of the current calendar year
40 with respect to employment occurring in the preceding calendar year.
41 If such amount exceeds the net amount withdrawn from the
42 unemployment trust fund pursuant to section 23 of the "Temporary
43 Disability Benefits Law," P.L.1948, c.110 (C.43:21-47) plus the
44 amount at the end of such preceding calendar year of the
45 unemployment disability account (as defined in section 22 of said law
46 (C.43:21-46), such excess shall be expressed as a percentage of the

1 wages on which contributions were paid to the State disability benefits
2 fund on or before January 31 with respect to employment in the
3 preceding calendar year.

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

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

16 (ii) If the percentage determined in accordance with paragraph
17 (E)(1) of this subsection equals or exceeds $\frac{3}{4}$ of 1% and is less than
18 $1\frac{1}{4}$ of 1%, the final employer rates shall be the preliminary employer
19 rates.

20 (iii) If the percentage determined in accordance with paragraph
21 (E)(1) of this subsection is less than $\frac{3}{4}$ of 1%, but in excess of $\frac{1}{4}$ of
22 1%, the final employer rates shall be the preliminary employer rates
23 determined as provided in (D) hereof increased by the difference
24 between $\frac{3}{4}$ of 1% and such percentage taken to the nearest $\frac{5}{100}$ of
25 1%; provided, however, that no such final rate shall be more than $\frac{1}{4}$
26 of 1% in the case of an employer whose preliminary rate is determined
27 as provided in (D)(2) hereof, more than $\frac{1}{2}$ of 1% in the case of an
28 employer whose preliminary rate is determined as provided in (D)(1)
29 and (D)(3) hereof, nor more than $\frac{3}{4}$ of 1% in the case of an employer
30 whose preliminary rate is determined as provided in (D)(4) hereof.

31 (iv) If the amount of the State disability benefits fund determined
32 as provided in paragraph (E)(1) of this subsection is equal to or less
33 than $\frac{1}{4}$ of 1%, then the final rate shall be $\frac{2}{5}$ of 1% in the case of an
34 employer whose preliminary rate is determined as provided in (D)(2)
35 hereof, $\frac{7}{10}$ of 1% in the case of an employer whose preliminary rate
36 is determined as provided in (D)(1) and (D)(3) hereof, and 1.1% in the
37 case of an employer whose preliminary rate is determined as provided
38 in (D)(4) hereof. Notwithstanding any other provision of law or any
39 determination made by the controller with respect to any 12-month
40 period commencing on July 1, 1970, the final rates for all employers
41 for the period beginning January 1, 1971, shall be as set forth herein.
42 (cf: P.L.2002, c.29, s.1)

43

44 ¹[3.] 4.¹ Section 29 of P.L.1992, c.160 (C.43:21-7b) is amended
45 to read as follows:

46 29. a. Beginning January 1, 1993 until December 31, 1995, except

1 as provided pursuant to subsection b. of this section, each employee
2 shall, in such a manner and at such times as determined by the
3 commissioner, contribute to the fund an amount equal to 0.6% of the
4 employee's taxable wages.

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

13 Beginning January 1, 1997 through December 31, 1997, each
14 employee shall, in such a manner and at such times as determined by
15 the commissioner, contribute to the fund an amount equal to 0.5% of
16 the employee's taxable wages.

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

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

25 Beginning on January 1, 2000 until June 30, [2003] 2004, each
26 employee shall, in such a manner and at such times as determined by
27 the commissioner, contribute to the fund an amount equal to 0.20% of
28 the employee's taxable wages.

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

36 Also beginning on January 1, 1998 until December 31, 2000, and
37 beginning on January 1, 2002 and ending June 30, [2003] 2004, each
38 employer shall, in such a manner and at such times as determined by
39 the commissioner, contribute to the fund an amount equal to the
40 amount that the employer's contribution to the unemployment
41 compensation fund is decreased pursuant to subparagraph (H) of
42 paragraph (5) of subsection (c) of R.S.43:21-7.

43 b. If the unemployment compensation fund reserve ratio, as
44 determined pursuant to paragraph (5) of subsection (c) of
45 R.S.43:21-7, decreases to a level of less than 4.00% on March 31 of
46 calendar year 1994 or calendar year 1995, the provisions of subsection

1 a. of this section shall cease to be in effect as of July 1 of that calendar
2 year and each employer who would be subject to making the
3 contributions pursuant to subsection a. of this section if that
4 subsection were in effect shall, beginning on July 1 of that calendar
5 year, contribute to the fund an amount equal to 0.62% of the total
6 wages paid by the employer and shall continue to contribute that
7 amount until December 31, 1995.

8 c. If the total amount of contributions to the fund pursuant to this
9 section during the calendar year 1993 exceeds \$600 million, all
10 contributions which exceed \$600 million shall be deposited in the
11 unemployment compensation fund. If the total amount of
12 contributions to the fund pursuant to this section during calendar year
13 1994 or calendar year 1995 exceeds \$500 million, all contributions
14 which exceed \$500 million shall be deposited in the unemployment
15 compensation fund. If the total amount of contributions made to the
16 fund pursuant to this section for the calendar year 1996 or 1997
17 exceeds \$330 million, all contributions which exceed \$330 million in
18 calendar year 1996 or 1997 shall be deposited in the unemployment
19 compensation fund. If the total amount of contributions made to the
20 fund pursuant to this section for the calendar year 1998 exceeds \$288
21 million, all contributions which exceed \$288 million in the calendar
22 year 1998 shall be deposited in the unemployment compensation fund.
23 If the total amount of contributions made to the fund pursuant to this
24 section for the calendar year 1999 exceeds \$233.9 million, all
25 contributions which exceed \$233.9 million in the calendar year 1999
26 shall be deposited in the unemployment compensation fund. If the
27 total amount of contributions made to the fund pursuant to this section
28 for the calendar year 2000 exceeds \$178.6 million, all contributions
29 which exceed \$178.6 million in the calendar year 2000 shall be
30 deposited in the unemployment compensation fund. If the total
31 amount of contributions made to the fund pursuant to this section for
32 the calendar year 2001 exceeds \$94.9 million, all contributions which
33 exceed \$94.9 million in the calendar year 2001 shall be deposited in
34 the unemployment compensation fund. If the total amount of
35 contributions made to the fund pursuant to this section for the period
36 beginning January 1, 2002 and ending June 30, 2002 exceeds \$516.5
37 million, all contributions which exceed \$516.5 million in the period
38 beginning January 1, 2002 and ending June 30, 2002 shall be deposited
39 in the unemployment compensation fund. If the total amount of
40 contributions made to the fund pursuant to this section for the fiscal
41 year 2003 or fiscal year 2004 exceeds \$325 million, all contributions
42 which exceed \$325 million in the fiscal year 2003 or fiscal year 2004
43 shall be deposited in the unemployment compensation fund.

44 d. All necessary administrative costs related to the collection of
45 contributions pursuant to this section shall be paid from the
46 contributions.

1 (cf: P.L.2002, c.29, s.2)

2 ¹[4.] 5.¹ Section 4 of P.L.1971, c.346 (C.43:21-7.3) is amended
3 to read as follows:

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

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

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

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

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

1 contributions to equal or exceed the projected costs for that calendar
2 year.

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

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

35 (h) Notwithstanding the provisions of the above subsection (g),
36 commencing July 1, 1986 worker contributions to the unemployment
37 trust fund with respect to wages paid by any governmental entity or
38 instrumentality electing or required to make payments in lieu of
39 contributions, including the State of New Jersey, shall be made in
40 accordance with the provisions of R.S.43:21-7(d)(1)(C) or
41 R.S.43:21-7(d)(1)(D), as applicable, and, in addition, each
42 governmental entity or instrumentality electing or required to make
43 payments in lieu of contributions shall, except during the period
44 starting January 1, 1993 and ending December 31, 1995 and the period
45 starting April 1, 1996 and ending December 31, 1998, require
46 payments from its workers at the following rates of wages paid, which

1 amounts are to be held in the trust fund maintained by the
2 governmental entity or instrumentality for payment of benefit costs:
3 for the calendar year 1999, 0.05%; for each calendar year from 2000
4 to 2002, and the period from January 1, 2003 to June 30, [2003]
5 2004, 0.10%; and each [calendar] fiscal year thereafter, 0.30%.
6 (cf: P.L.2002, c.13, s.6)

7
8 ¹6. Section 1 of P.L.1952, c.282 (C.43:21-20.1) is amended to
9 read as follows:

10 1. [A claimant who, during a substantial portion of his base year,
11 has been performing less than full-time work and who limits his
12 availability to less than full-time work shall be eligible for benefits only
13 if and when in his benefit year there is good cause for such limitation
14 and there exists in his work locality a sufficient amount of suitable
15 work to justify such limitation, subject to the further condition that
16 such claimant must be available for enough weekly hours, or amount,
17 of such work to be able to earn remuneration equivalent to his weekly
18 benefit amount.] Notwithstanding any other provision of R.S.43:21-1
19 et seq. to the contrary, no individual, who is otherwise eligible, shall
20 be deemed unavailable for work or ineligible for benefits solely for the
21 reason that the individual is available for, seeks, applies for, or accepts
22 only part-time work, instead of full-time work, if the claim is based on
23 part-time employment and the individual is actively seeking and is
24 willing to accept work under essentially the same conditions as existed
25 in connection with the employment from which the individual became
26 eligible for benefits.¹

27 (cf: P.L.1952, c.282, s.1)

28

29 ¹[5.] 7.¹ This act shall take effect immediately.

30

31

32

33

34 Redirects \$325 million in payroll taxes from UI fund to Health Care
35 Subsidy Fund; changes employer UI tax triggers; and modifies UI
36 benefits.

ASSEMBLY, No. 3702

STATE OF NEW JERSEY 210th LEGISLATURE

INTRODUCED JUNE 12, 2003

Sponsored by:

Assemblyman ALBIO SIRES

District 33 (Hudson)

Assemblyman JOSEPH J. ROBERTS, JR.

District 5 (Camden and Gloucester)

SYNOPSIS

Redirects \$325 million in payroll taxes from UI fund to Health Care Subsidy Fund; changes employer UI tax triggers.

CURRENT VERSION OF TEXT

As introduced.



A3702 SIRES, ROBERTS

2

1 AN ACT redirecting \$325 million in payroll taxes from the
2 unemployment compensation fund to the Health Care Subsidy
3 Fund, changing the thresholds for employer unemployment tax
4 schedules and amending P.L.1992, c.160, R.S.43:21-7 and
5 P.L.1971, c.346.

6

7 **BE IT ENACTED** by the Senate and General Assembly of the State
8 of New Jersey:

9

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

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

14 a. The fund shall be comprised of revenues from employee and
15 employer contributions made pursuant to section 29 of P.L.1992,
16 c.160 (C.43:21-7b), revenues from the hospital assessment made
17 pursuant to section 12 of P.L.1992, c.160 (C.26:2H-18.62), revenues
18 pursuant to section 11 of P.L.1996, c.28 (C.26:2H-18.58c), revenues
19 from interest and penalties collected pursuant to this act and revenues
20 from such other sources as the Legislature shall determine. Interest
21 earned on the monies in the fund shall be credited to the fund. The
22 fund shall be a nonlapsing fund dedicated for use by the State to: (1)
23 distribute charity care and other uncompensated care disproportionate
24 share payments to hospitals, and other eligible providers pursuant to
25 section 8 of P.L.1996, c.28 (C.26:2H-18.59f), provide subsidies for
26 the Health Access New Jersey program established pursuant to section
27 15 of P.L.1992, c.160 (C.26:2H-18.65), and provide funding for
28 children's health care coverage pursuant to P.L.1997, c.272 (C.30:4I-1
29 et seq.); (2) assist hospitals and other health care facilities in the
30 underwriting of innovative and necessary health care services; and (3)
31 provide for the payment in State fiscal year 2002 of appropriate
32 Medicaid expenses, subject to the approval of the Director of the
33 Division of Budget and Accounting.

34 b. The fund shall be administered by a person appointed by the
35 commissioner.

36 The administrator of the fund is responsible for overseeing and
37 coordinating the collection and reimbursement of fund monies. The
38 administrator is responsible for promptly informing the commissioner
39 if monies are not or are not reasonably expected to be collected or
40 disbursed.

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

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

Matter underlined thus is new matter.

1 d. The administrator shall establish separate accounts for the
2 charity care component of the disproportionate share hospital subsidy,
3 other uncompensated care component of the disproportionate share
4 hospital subsidy, hospital and other health care initiatives funding and
5 the payments for subsidies for insurance premiums to provide care in
6 disproportionate share hospitals, known as the Health Access New
7 Jersey subsidy account, respectively.

8 e. In the event that the charity care component of the
9 disproportionate share hospital subsidy account has a surplus in a
10 given year after payments are distributed pursuant to the methodology
11 established in section 13 of P.L.1995, c.133 (C.26:2H-18.59b) and
12 section 7 of P.L.1996, c.28 (C.26:2H-18.59e) and within the
13 limitations provided in subsection e. of section 9 of P.L.1992, c.160
14 (C.26:2H-18.59), the surplus monies in calendar years 2002 [and],
15 2003 and 2004 shall lapse to the unemployment compensation fund
16 established pursuant to R.S.43:21-9, and each year thereafter shall
17 lapse to the charity care component of the disproportionate share
18 hospital subsidy account for distribution in subsequent years.
19 (cf: P.L.2002, c.13, s.1)

20

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

22 43:21-7. Contributions. Employers other than governmental
23 entities, whose benefit financing provisions are set forth in section 4
24 of P.L.1971, c.346 (C.43:21-7.3), and those nonprofit organizations
25 liable for payment in lieu of contributions on the basis set forth in
26 section 3 of P.L.1971, c.346 (C.43:21-7.2), shall pay to the controller
27 for the unemployment compensation fund, contributions as set forth
28 in subsections (a), (b) and (c) hereof, and the provisions of subsections
29 (d) and (e) shall be applicable to all employers, consistent with the
30 provisions of the "unemployment compensation law" and the
31 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et
32 seq.).

33 (a) Payment.

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

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

45 (b) Rate of contributions. Each employer shall pay the following
46 contributions:

A3702 SIRES, ROBERTS

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

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

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

40 (c) Future rates based on benefit experience.

41 (1) A separate account for each employer shall be maintained and
42 this shall be credited with all the contributions which he has paid on
43 his own behalf on or before January 31 of any calendar year with
44 respect to employment occurring in the preceding calendar year;
45 provided, however, that if January 31 of any calendar year falls on a
46 Saturday or Sunday, an employer's account shall be credited as of

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

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

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

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

46 (4) Employer Reserve Ratio. (A) Each employer's rate shall be 2

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

12 (1) 2 5/10%, if such excess equals or exceeds 4%, but less than
13 5%, of his average annual payroll (as defined in paragraph (2),
14 subsection (a) of R.S.43:21-19);

15 (2) 2 2/10%, if such excess equals or exceeds 5%, but is less than
16 6%, of his average annual payroll;

17 (3) 1 9/10%, if such excess equals or exceeds 6%, but is less than
18 7%, of his average annual payroll;

19 (4) 1 6/10%, if such excess equals or exceeds 7%, but is less than
20 8%, of his average annual payroll;

21 (5) 1 3/10%, if such excess equals or exceeds 8%, but is less than
22 9%, of his average annual payroll;

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

25 (7) 7/10 of 1%, if such excess equals or exceeds 10%, but is less
26 than 11%, of his average annual payroll;

27 (8) 4/10 of 1%, if such excess equals or exceeds 11% of his
28 average annual payroll.

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

33 (1) 4%, if such excess is less than 10% of his average annual
34 payroll;

35 (2) 4 3/10%, if such excess equals or exceeds 10%, but is less than
36 20%, of his average annual payroll;

37 (3) 4 6/10%, if such excess equals or exceeds 20% of his average
38 annual payroll.

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

44 (i) if the reserve balance in its account is positive, its assigned rate
45 shall be the highest rate in effect for positive balance accounts for that
46 period, or 5.4%, whichever is higher, and (ii) if the reserve balance

1 in its account is negative, its assigned rate shall be the highest rate in
2 effect for deficit accounts for that period.

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

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

24 If on March 31 of any calendar year the balance of the
25 unemployment trust fund is less than 2 1/2% of the total taxable wages
26 reported to the controller as of that date in respect to employment
27 during the preceding calendar year, the contribution rate, effective July
28 1 following, of each employer (1) eligible for a contribution rate
29 calculation based upon benefit experience, shall be increased by (i)
30 6/10 of 1% over the contribution rate otherwise established under the
31 provisions of paragraph (3), (4)(A) or (4)(B) of this subsection, and
32 (ii) an additional amount equal to 20% of the total rate established
33 herein, provided, however, that the final contribution rate for each
34 employer shall be computed to the nearest multiple of 1/10% if not
35 already a multiple thereof; (2) not eligible for a contribution rate
36 calculation based upon benefit experience, shall be increased by 6/10
37 of 1% over the contribution rate otherwise established under the
38 provisions of paragraph (4) of this subsection. For the period
39 commencing July 1, 1984 and ending June 30, 1986, the contribution
40 rate for each employer liable to pay contributions under R.S.43:21-7
41 shall be increased by a factor of 10% computed to the nearest multiple
42 of 1/10% if not already a 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
45 1/2% of the total taxable wages reported to the controller as of that
46 date in respect to employment during the preceding calendar year, the

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

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

25 (D) Prior to July 1 of each calendar year the controller shall
 26 determine the Unemployment Trust Reserve Ratio, which shall be
 27 calculated by dividing the balance of the unemployment trust fund as
 28 of the prior March 31 by total taxable wages reported to the controller
 29 by all employers as of March 31 with respect to their employment
 30 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) [With respect to experience rating years beginning on or after
 34 July 1, 1998 and before July 1, 2002, the new employer rate or the
 35 unemployment experience rate of an employer under this section shall
 36 be the rate which appears in the column headed by the Unemployment
 37 Trust Fund Reserve Ratio as of the applicable calculation date and on
 38 the line with the Employer Reserve Ratio, as defined in paragraph 4 of
 39 this subsection (R.S.43:21-7 (c)(4)), as set forth in the following table:

40

41

EXPERIENCE RATING TAX TABLE

42

Fund Reserve Ratio¹

43

44

4.50% 3.50% 3.00% 2.50% 2.49%

45

Employer

and to to to and

46

Reserve

Over 4.49% 3.49% 2.99% Under

A3702 SIRES, ROBERTS

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 in
34 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. _____~~)(now pending before the Legislature as this bill).

38 (iv) With respect to the experience rating [years] year beginning
39 on [or after] July 1, 2002, the new employer rate or the
40 unemployment experience rate of an employer under this section shall
41 be the rate which appears in the column headed by the Unemployment
42 Trust Fund Reserve Ratio as of the applicable calculation date and on
43 the line with the Employer Reserve Ratio, as defined in paragraph 4 of
44 this subsection (R.S.43:21-7 (c)(4)), as set forth in the following table:

A3702 SIRES, ROBERTS

10

EXPERIENCE RATING TAX TABLE					
Fund Reserve Ratio ¹					
	3.50%	3.00%	2.50%	2.00%	1.99%
Employer Reserve Ratio ²	and Over	to 3.49%	to 2.99%	to 2.49%	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).

(v) With respect to experience rating years beginning on or after July 1, 2003, 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

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

5 EXPERIENCE RATING TAX TABLE

6 Fund Reserve Ratio¹

	<u>2.50%</u>	<u>2.00%</u>	<u>1.50%</u>	<u>1.00%</u>	<u>0.99%</u>
<u>Employer</u>	<u>and</u>	<u>to</u>	<u>to</u>	<u>to</u>	<u>and</u>
<u>Reserve</u>	<u>Over</u>	<u>2.49%</u>	<u>1.99%</u>	<u>1.49%</u>	<u>Under</u>
<u>Ratio²</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
<u>Positive Reserve Ratio:</u>					
<u>17% and over</u>	<u>0.3</u>	<u>0.4</u>	<u>0.5</u>	<u>0.6</u>	<u>1.2</u>
<u>16.00% to 16.99%</u>	<u>0.4</u>	<u>0.5</u>	<u>0.6</u>	<u>0.6</u>	<u>1.2</u>
<u>15.00% to 15.99%</u>	<u>0.4</u>	<u>0.6</u>	<u>0.7</u>	<u>0.7</u>	<u>1.2</u>
<u>14.00% to 14.99%</u>	<u>0.5</u>	<u>0.6</u>	<u>0.7</u>	<u>0.8</u>	<u>1.2</u>
<u>13.00% to 13.99%</u>	<u>0.6</u>	<u>0.7</u>	<u>0.8</u>	<u>0.9</u>	<u>1.2</u>
<u>12.00% to 12.99%</u>	<u>0.6</u>	<u>0.8</u>	<u>0.9</u>	<u>1.0</u>	<u>1.2</u>
<u>11.00% to 11.99%</u>	<u>0.7</u>	<u>0.8</u>	<u>1.0</u>	<u>1.1</u>	<u>1.2</u>
<u>10.00% to 10.99%</u>	<u>0.9</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.6</u>
<u>9.00% to 9.99%</u>	<u>1.0</u>	<u>1.3</u>	<u>1.6</u>	<u>1.7</u>	<u>1.9</u>
<u>8.00% to 8.99%</u>	<u>1.3</u>	<u>1.6</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>
<u>7.00% to 7.99%</u>	<u>1.4</u>	<u>1.8</u>	<u>2.2</u>	<u>2.4</u>	<u>2.6</u>
<u>6.00% to 6.99%</u>	<u>1.7</u>	<u>2.1</u>	<u>2.5</u>	<u>2.8</u>	<u>3.0</u>
<u>5.00% to 5.99%</u>	<u>1.9</u>	<u>2.4</u>	<u>2.8</u>	<u>3.1</u>	<u>3.4</u>
<u>4.00% to 4.99%</u>	<u>2.0</u>	<u>2.6</u>	<u>3.1</u>	<u>3.4</u>	<u>3.7</u>
<u>3.00% to 3.99%</u>	<u>2.1</u>	<u>2.7</u>	<u>3.2</u>	<u>3.6</u>	<u>3.9</u>
<u>2.00% to 2.99%</u>	<u>2.2</u>	<u>2.8</u>	<u>3.3</u>	<u>3.7</u>	<u>4.0</u>
<u>1.00% to 1.99%</u>	<u>2.3</u>	<u>2.9</u>	<u>3.4</u>	<u>3.8</u>	<u>4.1</u>
<u>0.00% to 0.99%</u>	<u>2.4</u>	<u>3.0</u>	<u>3.6</u>	<u>4.0</u>	<u>4.3</u>
<u>Deficit Reserve Ratio:</u>					
<u>-0.00% to -2.99%</u>	<u>3.4</u>	<u>4.3</u>	<u>5.1</u>	<u>5.6</u>	<u>6.1</u>
<u>-3.00% to -5.99%</u>	<u>3.4</u>	<u>4.3</u>	<u>5.1</u>	<u>5.7</u>	<u>6.2</u>
<u>-6.00% to -8.99%</u>	<u>3.5</u>	<u>4.4</u>	<u>5.2</u>	<u>5.8</u>	<u>6.3</u>
<u>-9.00% to -11.99%</u>	<u>3.5</u>	<u>4.5</u>	<u>5.3</u>	<u>5.9</u>	<u>6.4</u>
<u>-12.00% to -14.99%</u>	<u>3.6</u>	<u>4.6</u>	<u>5.4</u>	<u>6.0</u>	<u>6.5</u>
<u>-15.00% to -19.99%</u>	<u>3.6</u>	<u>4.6</u>	<u>5.5</u>	<u>6.1</u>	<u>6.6</u>
<u>-20.00% to -24.99%</u>	<u>3.7</u>	<u>4.7</u>	<u>5.6</u>	<u>6.2</u>	<u>6.7</u>
<u>-25.00% to -29.99%</u>	<u>3.7</u>	<u>4.8</u>	<u>5.6</u>	<u>6.3</u>	<u>6.8</u>
<u>-30.00% to -34.99%</u>	<u>3.8</u>	<u>4.8</u>	<u>5.7</u>	<u>6.3</u>	<u>6.9</u>
<u>-35.00% and under</u>	<u>5.4</u>	<u>5.4</u>	<u>5.8</u>	<u>6.4</u>	<u>7.0</u>
<u>New Employer Rate</u>	<u>2.8</u>	<u>2.8</u>	<u>2.8</u>	<u>3.1</u>	<u>3.4</u>

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

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

A3702 SIRES, ROBERTS

12

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

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

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

20 (H) On or after January 1, 1993 until December 31, 1993,
21 notwithstanding any other provisions of this paragraph (5), the
22 contribution rate for each employer liable to pay contributions, as
23 computed under subparagraph (E) of this paragraph (5), shall be
24 decreased by a factor of 52.0% computed to the nearest multiple of
25 1/10%, except that, if an employer has a deficit reserve ratio of
26 negative 35.0% or under, the employer's rate of contribution shall not
27 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
28 amount of the reduction in the employer contributions stipulated by
29 this subparagraph (H) shall be in addition to the amount of the
30 reduction in the employer contributions stipulated by subparagraph (G)
31 of this paragraph (5), except that the rate of contribution of an
32 employer who has a deficit reserve ratio of negative 35.0% or under
33 shall not be reduced pursuant to this subparagraph (H) to less than
34 5.4% and the rate of contribution of any other employer shall not be
35 reduced to less than 0.0%.

36 On or after January 1, 1994 until December 31, 1995, except as
37 provided pursuant to subparagraph (I) of this paragraph (5),
38 notwithstanding any other provisions of this paragraph (5), the
39 contribution rate for each employer liable to pay contributions, as
40 computed under subparagraph (E) of this paragraph (5), shall be
41 decreased by a factor of 36.0% computed to the nearest multiple of
42 1/10%, except that, if an employer has a deficit reserve ratio of
43 negative 35.0% or under, the employer's rate of contribution shall not
44 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
45 amount of the reduction in the employer contributions stipulated by
46 this subparagraph (H) shall be in addition to the amount of the

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

7 On or after April 1, 1996 until December 31, 1996, the contribution
8 rate for each employer liable to pay contributions, as computed under
9 subparagraph (E) of this paragraph (5), shall be decreased by a factor
10 of 25.0% computed to the nearest multiple of 1/10%, except that, if
11 an employer has a deficit reserve ratio of negative 35.0% or under, the
12 employer's rate of contribution shall not be reduced pursuant to this
13 subparagraph (H) to less than 5.4%. The amount of the reduction in
14 the employer contributions stipulated by this subparagraph (H) shall
15 be in addition to the amount of the reduction in the employer
16 contributions stipulated by subparagraph (G) of this paragraph (5),
17 except that the rate of contribution of an employer who has a deficit
18 reserve ratio of negative 35.0% or under shall not be reduced pursuant
19 to this subparagraph (H) to less than 5.4% and the rate of contribution
20 of any other employer shall not be reduced to less than 0.0%.

21 On or after January 1, 1997 until December 31, 1997, the
22 contribution rate for each employer liable to pay contributions, as
23 computed under subparagraph (E) of this paragraph (5), shall be
24 decreased by a factor of 10.0% computed to the nearest multiple of
25 1/10%, except that, if an employer has a deficit reserve ratio of
26 negative 35.0% or under, the employer's rate of contribution shall not
27 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
28 amount of the reduction in the employer contributions stipulated by
29 this subparagraph (H) shall be in addition to the amount of the
30 reduction in the employer contributions stipulated by subparagraph (G)
31 of this paragraph (5), except that the rate of contribution of an
32 employer who has a deficit reserve ratio of negative 35.0% or under
33 shall not be reduced pursuant to this subparagraph (H) to less than
34 5.4% and the rate of contribution of any other employer shall not be
35 reduced to less than 0.0%.

36 On and after January 1, 1998 until December 31, 2000 and on or
37 after January 1, 2002 until June 30, [2003] 2004, the contribution rate
38 for each employer liable to pay contributions, as computed under
39 subparagraph (E) of this paragraph (5), shall be decreased by a factor,
40 as set out below, computed to the nearest multiple of 1/10%, except
41 that, if an employer has a deficit reserve ratio of negative 35.0% or
42 under, the employer's rate of contribution shall not be reduced
43 pursuant to this subparagraph (H) to less than 5.4%:

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

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

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

A3702 SIRES, ROBERTS

14

1 From January 1, 2002 until March 31, 2002, a factor of 36%;
2 From April 1, 2002 until June 30, 2002, a factor of 85%;
3 From July 1, 2002 until June 30, 2003, a factor of 15%; and
4 From July 1, 2003 until June 30, 2004, a factor of 15%.

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

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

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

31 If, upon calculating the unemployment compensation fund reserve
32 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, 2000, the
33 controller finds that the fund reserve ratio has decreased to a level of
34 less than 3.00%, the Commissioner of Labor shall notify the State
35 Treasurer of this fact and of the dollar amount necessary to bring the
36 fund reserve ratio up to a level of 3.00%. The State Treasurer shall,
37 prior to March 31, 2000, transfer from the General Fund to the
38 unemployment compensation fund, revenues in the amount specified
39 by the commissioner and which, upon deposit in the unemployment
40 compensation fund, shall result, upon recalculation, in a fund reserve
41 ratio used to determine employer contributions beginning July 1, 2000
42 of at least 3.00%.

43 (J) On or after July 1, 2001, notwithstanding any other provisions
44 of this paragraph (5), the contribution rate for each employer liable to
45 pay contributions, as computed under subparagraph (E) of this
46 paragraph (5), shall be decreased by 0.0175%, except that, during any

1 experience rating year starting on or after July 1, 2001, in which the
2 fund reserve ratio is equal to or greater than 3.5%, there shall be no
3 decrease pursuant to this subparagraph (J) in the contribution of any
4 employer who has a deficit reserve ratio of negative 35.00% or under.
5 The amount of the reduction in the employer contributions stipulated
6 by this subparagraph (J) shall be in addition to the amount of the
7 reduction in the employer contributions stipulated by subparagraphs
8 (G) and (H) of this paragraph (5), except that the rate of contribution
9 of an employer who has a deficit reserve ratio of negative 35.0% or
10 under shall not be reduced pursuant to this subparagraph (J) to less
11 than 5.4% and the rate of contribution of any other employer shall not
12 be reduced to less than 0.0%.

13 (6) Additional contributions.

14 Notwithstanding any other provision of law, any employer who has
15 been assigned a contribution rate pursuant to subsection (c) of this
16 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. Any
21 such additional contribution shall be made during the 30-day period
22 following the date of the mailing to the employer of the notice of his
23 contribution rate as prescribed in this section, unless, for good cause,
24 the time for payment has been extended by the controller for not to
25 exceed an additional 60 days; provided that in no event may such
26 payments which are made later than 120 days after the beginning of
27 the year for which such rates are effective be considered in
28 determining the experience rate for the year in which the payment is
29 made. Any employer receiving any extended period of time within
30 which to make such additional payment and failing to make such
31 payment timely shall be, in addition to the required amount of
32 additional payment, a penalty of 5% thereof or \$5.00, whichever is
33 greater, not to exceed \$50.00. Any adjustment under this subsection
34 shall be made only in the form of credits against accrued or future
35 contributions.

36 (7) Transfers.

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

1 of the future employment experience of the successor in interest.
2 Unless the predecessor employer was owned or controlled (by legally
3 enforceable means or otherwise), directly or indirectly, by the
4 successor in interest, or the predecessor employer and the successor
5 in interest were owned or controlled (by legally enforceable means or
6 otherwise), directly or indirectly, by the same interest or interests, the
7 transfer of the employment experience of the predecessor shall not be
8 effective if such successor in interest, within four months of the date
9 of such transfer of the organization, trade, assets or business, or
10 thereafter upon good cause shown, files a written notice protesting the
11 transfer of the employment experience of the predecessor employer.

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

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

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

40 (1) (A) For periods after January 1, 1975, each worker shall
41 contribute to the fund 1% of his wages with respect to his employment
42 with an employer, which occurs on and after January 1, 1975, after
43 such employer has satisfied the condition set forth in subsection (h) of
44 R.S.43:21-19 with respect to becoming an employer; provided,
45 however, that such contributions shall be at the rate of 1/2 of 1% of
46 wages paid with respect to employment while the worker is in the

1 employ of the State of New Jersey, or any governmental entity or
2 instrumentality which is an employer as defined under
3 R.S.43:21-19(h)(5), or is covered by an approved private plan under
4 the "Temporary Disability Benefits Law" or while the worker is
5 exempt from the provisions of the "Temporary Disability Benefits
6 Law" under section 7 of that law, P.L.1948, c.110 (C.43:21-31).

7 (B) Effective January 1, 1978 there shall be no contributions by
8 workers in the employ of any governmental or nongovernmental
9 employer electing or required to make payments in lieu of
10 contributions unless the employer is covered by the State plan under
11 the "Temporary Disability Benefits Law" (C.43:21-37 et seq.), and in
12 that case contributions shall be at the rate of 1/2 of 1%, except that
13 commencing July 1, 1986, workers in the employ of any
14 nongovernmental employer electing or required to make payments in
15 lieu of contributions shall be required to make contributions to the
16 fund at the same rate prescribed for workers of other nongovernmental
17 employers.

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

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

44 (D) Notwithstanding any other provisions of this paragraph (1),
45 during the period starting January 1, 1993 and ending June 30, 1994,
46 each worker shall contribute to the unemployment compensation fund

1 0.5% of wages paid with respect to the worker's employment with a
2 governmental employer electing or required to pay contributions or
3 nongovernmental employer, including a nonprofit organization which
4 is an employer as defined under paragraph (6) of subsection (h) of
5 R.S.43:21-19, regardless of whether that nonprofit organization elects
6 or is required to finance its benefit costs with contributions to the fund
7 or by payments in lieu of contributions, after that employer has
8 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
9 with respect to becoming an employer. No contributions, however,
10 shall be made by the worker while the worker is covered by an
11 approved private plan under the "Temporary Disability Benefits Law,"
12 P.L.1948, c.110 (C.43:21-25 et seq.) or while the worker is exempt
13 under section 7 of P.L.1948, c.110 (C.43:21-31) or any other
14 provision of that law; provided that the contributions shall be at the
15 rate of 0.50% of wages paid with respect to employment with the
16 State of New Jersey or any other governmental entity or
17 instrumentality electing or required to make payments in lieu of
18 contributions and which is covered by the State plan under the
19 "Temporary Disability Benefits Law," except that, while the worker is
20 exempt from the provisions of the "Temporary Disability Benefits
21 Law" under section 7 of that law, P.L.1948, c.110 (C.43:21-31) or any
22 other provision of that law, or is covered for disability benefits by an
23 approved private plan of the employer, no contributions shall be made
24 to the fund.

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

40 Each worker shall, starting on January 1, 1998 and ending
41 December 31, 1998, contribute to the unemployment compensation
42 fund 0.10% of wages paid with respect to the worker's employment
43 with a governmental employer electing or required to pay
44 contributions or nongovernmental employer, including a nonprofit
45 organization which is an employer as defined under paragraph (6) of
46 subsection (h) of R.S.43:21-19, regardless of whether that nonprofit

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

9 Each worker shall, starting on January 1, 1999 until December 31,
10 1999, contribute to the unemployment compensation fund 0.15% of
11 wages paid with respect to the worker's employment with a
12 governmental employer electing or required to pay contributions or
13 nongovernmental employer, including a nonprofit organization which
14 is an employer as defined under paragraph (6) of subsection (h) of
15 R.S.43:21-19, regardless of whether that nonprofit organization elects
16 or is required to finance its benefit costs with contributions to the fund
17 or by payments in lieu of contributions, after that employer has
18 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
19 with respect to becoming an employer, provided that the contributions
20 shall be at the rate of 0.10% of wages paid with respect to
21 employment with the State of New Jersey or any other governmental
22 entity or instrumentality electing or required to make payments in lieu
23 of contributions.

24 Each worker shall, starting on January 1, 2000 until December 31,
25 2001, contribute to the unemployment compensation fund 0.20% of
26 wages paid with respect to the worker's employment with a
27 governmental employer electing or required to pay contributions or
28 nongovernmental employer, including a nonprofit organization which
29 is an employer as defined under paragraph (6) of subsection (h) of
30 R.S.43:21-19, regardless of whether that nonprofit organization elects
31 or is required to finance its benefit costs with contributions to the fund
32 or by payments in lieu of contributions, after that employer has
33 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
34 with respect to becoming an employer, provided that the contributions
35 shall be at the rate of 0.10% of wages paid with respect to
36 employment with the State of New Jersey or any other governmental
37 entity or instrumentality electing or required to make payments in lieu
38 of contributions.

39 Each worker shall, starting on January 1, 2002 until June 30,
40 [2003] 2004, contribute to the unemployment compensation fund
41 0.1825% of wages paid with respect to the worker's employment with
42 a governmental employer electing or required to pay contributions or
43 a nongovernmental employer, including a nonprofit organization which
44 is an employer as defined under paragraph (6) of subsection (h) of
45 R.S.43:21-19, regardless of whether that nonprofit organization elects
46 or is required to finance its benefit costs with contributions to the fund

1 or by payments in lieu of contributions, after that employer has
2 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
3 with respect to becoming an employer, provided that the contributions
4 shall be at the rate of 0.0825% of wages paid with respect to
5 employment with the State of New Jersey or any other governmental
6 entity or instrumentality electing or required to make payments in lieu
7 of contributions.

8 Each worker shall, starting on and after July 1, [2003] 2004,
9 contribute to the unemployment compensation fund 0.3825% of wages
10 paid with respect to the worker's employment with a governmental
11 employer electing or required to pay contributions or nongovernmental
12 employer, including a nonprofit organization which is an employer as
13 defined under paragraph (6) of subsection (h) of R.S.43:21-19,
14 regardless of whether that nonprofit organization elects or is required
15 to finance its benefit costs with contributions to the fund or by
16 payments in lieu of contributions, after that employer has satisfied the
17 conditions set forth in subsection (h) of R.S.43:21-19 with respect to
18 becoming an employer, provided that the contributions shall be at the
19 rate of 0.0825% of wages paid with respect to employment with the
20 State of New Jersey or any other governmental entity or
21 instrumentality electing or required to make payments in lieu of
22 contributions.

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

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

40 (G) Each worker shall, starting on July 1, 1994, contribute to the
41 State disability benefits fund an amount equal to 0.50% of wages paid
42 with respect to the worker's employment with a government employer
43 electing or required to pay contributions to the State disability benefits
44 fund or nongovernmental employer, including a nonprofit organization
45 which is an employer as defined under paragraph (6) of subsection (h)
46 of R.S.43:21-19, unless the employer is covered by an approved

1 private disability plan or is exempt from the provisions of the
2 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et
3 seq.) under section 7 of that law (C.43:21-31) or any other provision
4 of that law.

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

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

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

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

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

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

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

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

1 contributions shall apply to such assessments. The amount so
2 recovered by the controller shall be paid into the State disability
3 benefits fund.

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

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

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

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

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

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

43 (1) Such preliminary rate shall be 1/2 of 1% unless on the
44 preceding January 31 of such year such employer shall have been a
45 covered employer who has paid contributions to the State disability
46 benefits fund with respect to employment in the three calendar years

1 immediately preceding such year.

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

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

8 (ii) $\frac{15}{100}$ of 1% if such excess over \$500.00 equals or exceeds 1
9 $\frac{1}{4}$ % but is less than $1\frac{1}{2}$ % of his average annual payroll;

10 (iii) $\frac{1}{10}$ of 1% if such excess over \$500.00 equals or exceeds 1
11 $\frac{1}{2}$ % of his average annual payroll.

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

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

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

22 (ii) $\frac{45}{100}$ of 1% if such excess over \$500.00 equals or exceeds
23 $\frac{1}{4}$ of 1% but is less than $\frac{1}{2}$ of 1% of his average annual payroll;

24 (iii) $\frac{55}{100}$ of 1% if such excess over \$500.00 equals or exceeds
25 $\frac{1}{2}$ of 1% but is less than $\frac{3}{4}$ of 1% of his average annual payroll;

26 (iv) $\frac{65}{100}$ of 1% if such excess over \$500.00 equals or exceeds
27 $\frac{3}{4}$ of 1% but is less than 1% of his average annual payroll;

28 (v) $\frac{75}{100}$ of 1% if such excess over \$500.00 equals or exceeds
29 1% of his average annual payroll.

30 (5) Determination of the preliminary rate as specified in (2), (3)
31 and (4) above shall be subject, however, to the condition that it shall
32 in no event be decreased by more than $\frac{1}{10}$ of 1% of wages or
33 increased by more than $\frac{2}{10}$ of 1% of wages from the preliminary rate
34 determined for the preceding year in accordance with (1), (2), (3) or
35 (4), whichever shall have been applicable.

36 (E) (1) Prior to July 1 of each calendar year the controller shall
37 determine the amount of the State disability benefits fund as of
38 December 31 of the preceding calendar year, increased by the
39 contributions paid thereto during January of the current calendar year
40 with respect to employment occurring in the preceding calendar year.
41 If such amount exceeds the net amount withdrawn from the
42 unemployment trust fund pursuant to section 23 of the "Temporary
43 Disability Benefits Law," P.L.1948, c.110 (C.43:21-47) plus the
44 amount at the end of such preceding calendar year of the
45 unemployment disability account (as defined in section 22 of said law
46 (C.43:21-46), such excess shall be expressed as a percentage of the

1 wages on which contributions were paid to the State disability benefits
2 fund on or before January 31 with respect to employment in the
3 preceding calendar year.

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

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

16 (ii) If the percentage determined in accordance with paragraph
17 (E)(1) of this subsection equals or exceeds $\frac{3}{4}$ of 1% and is less than
18 $1\frac{1}{4}$ of 1%, the final employer rates shall be the preliminary employer
19 rates.

20 (iii) If the percentage determined in accordance with paragraph
21 (E)(1) of this subsection is less than $\frac{3}{4}$ of 1%, but in excess of $\frac{1}{4}$ of
22 1%, the final employer rates shall be the preliminary employer rates
23 determined as provided in (D) hereof increased by the difference
24 between $\frac{3}{4}$ of 1% and such percentage taken to the nearest $\frac{5}{100}$ of
25 1%; provided, however, that no such final rate shall be more than $\frac{1}{4}$
26 of 1% in the case of an employer whose preliminary rate is determined
27 as provided in (D)(2) hereof, more than $\frac{1}{2}$ of 1% in the case of an
28 employer whose preliminary rate is determined as provided in (D)(1)
29 and (D)(3) hereof, nor more than $\frac{3}{4}$ of 1% in the case of an employer
30 whose preliminary rate is determined as provided in (D)(4) hereof.

31 (iv) If the amount of the State disability benefits fund determined
32 as provided in paragraph (E)(1) of this subsection is equal to or less
33 than $\frac{1}{4}$ of 1%, then the final rate shall be $\frac{2}{5}$ of 1% in the case of an
34 employer whose preliminary rate is determined as provided in (D)(2)
35 hereof, $\frac{7}{10}$ of 1% in the case of an employer whose preliminary rate
36 is determined as provided in (D)(1) and (D)(3) hereof, and 1.1% in the
37 case of an employer whose preliminary rate is determined as provided
38 in (D)(4) hereof. Notwithstanding any other provision of law or any
39 determination made by the controller with respect to any 12-month
40 period commencing on July 1, 1970, the final rates for all employers
41 for the period beginning January 1, 1971, shall be as set forth herein.
42 (cf: P.L.2002, c.29, s.1)

43

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

46 29. a. Beginning January 1, 1993 until December 31, 1995, except

1 as provided pursuant to subsection b. of this section, each employee
2 shall, in such a manner and at such times as determined by the
3 commissioner, contribute to the fund an amount equal to 0.6% of the
4 employee's taxable wages.

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

13 Beginning January 1, 1997 through December 31, 1997, each
14 employee shall, in such a manner and at such times as determined by
15 the commissioner, contribute to the fund an amount equal to 0.5% of
16 the employee's taxable wages.

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

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

25 Beginning on January 1, 2000 until June 30, [2003] 2004, each
26 employee shall, in such a manner and at such times as determined by
27 the commissioner, contribute to the fund an amount equal to 0.20% of
28 the employee's taxable wages.

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

36 Also beginning on January 1, 1998 until December 31, 2000, and
37 beginning on January 1, 2002 and ending June 30, [2003] 2004, each
38 employer shall, in such a manner and at such times as determined by
39 the commissioner, contribute to the fund an amount equal to the
40 amount that the employer's contribution to the unemployment
41 compensation fund is decreased pursuant to subparagraph (H) of
42 paragraph (5) of subsection (c) of R.S.43:21-7.

43 b. If the unemployment compensation fund reserve ratio, as
44 determined pursuant to paragraph (5) of subsection (c) of
45 R.S.43:21-7, decreases to a level of less than 4.00% on March 31 of
46 calendar year 1994 or calendar year 1995, the provisions of subsection

1 a. of this section shall cease to be in effect as of July 1 of that calendar
2 year and each employer who would be subject to making the
3 contributions pursuant to subsection a. of this section if that
4 subsection were in effect shall, beginning on July 1 of that calendar
5 year, contribute to the fund an amount equal to 0.62% of the total
6 wages paid by the employer and shall continue to contribute that
7 amount until December 31, 1995.

8 c. If the total amount of contributions to the fund pursuant to this
9 section during the calendar year 1993 exceeds \$600 million, all
10 contributions which exceed \$600 million shall be deposited in the
11 unemployment compensation fund. If the total amount of
12 contributions to the fund pursuant to this section during calendar year
13 1994 or calendar year 1995 exceeds \$500 million, all contributions
14 which exceed \$500 million shall be deposited in the unemployment
15 compensation fund. If the total amount of contributions made to the
16 fund pursuant to this section for the calendar year 1996 or 1997
17 exceeds \$330 million, all contributions which exceed \$330 million in
18 calendar year 1996 or 1997 shall be deposited in the unemployment
19 compensation fund. If the total amount of contributions made to the
20 fund pursuant to this section for the calendar year 1998 exceeds \$288
21 million, all contributions which exceed \$288 million in the calendar
22 year 1998 shall be deposited in the unemployment compensation fund.
23 If the total amount of contributions made to the fund pursuant to this
24 section for the calendar year 1999 exceeds \$233.9 million, all
25 contributions which exceed \$233.9 million in the calendar year 1999
26 shall be deposited in the unemployment compensation fund. If the
27 total amount of contributions made to the fund pursuant to this section
28 for the calendar year 2000 exceeds \$178.6 million, all contributions
29 which exceed \$178.6 million in the calendar year 2000 shall be
30 deposited in the unemployment compensation fund. If the total
31 amount of contributions made to the fund pursuant to this section for
32 the calendar year 2001 exceeds \$94.9 million, all contributions which
33 exceed \$94.9 million in the calendar year 2001 shall be deposited in
34 the unemployment compensation fund. If the total amount of
35 contributions made to the fund pursuant to this section for the period
36 beginning January 1, 2002 and ending June 30, 2002 exceeds \$516.5
37 million, all contributions which exceed \$516.5 million in the period
38 beginning January 1, 2002 and ending June 30, 2002 shall be deposited
39 in the unemployment compensation fund. If the total amount of
40 contributions made to the fund pursuant to this section for the fiscal
41 year 2003 or fiscal year 2004 exceeds \$325 million, all contributions
42 which exceed \$325 million in the fiscal year 2003 or fiscal year 2004
43 shall be deposited in the unemployment compensation fund.

44 d. All necessary administrative costs related to the collection of
45 contributions pursuant to this section shall be paid from the
46 contributions.

1 (cf: P.L.2002, c.29, s.2)

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

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

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

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

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

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

1 contributions to equal or exceed the projected costs for that calendar
2 year.

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

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

35 (h) Notwithstanding the provisions of the above subsection (g),
36 commencing July 1, 1986 worker contributions to the unemployment
37 trust fund with respect to wages paid by any governmental entity or
38 instrumentality electing or required to make payments in lieu of
39 contributions, including the State of New Jersey, shall be made in
40 accordance with the provisions of R.S.43:21-7(d)(1)(C) or
41 R.S.43:21-7(d)(1)(D), as applicable, and, in addition, each
42 governmental entity or instrumentality electing or required to make
43 payments in lieu of contributions shall, except during the period
44 starting January 1, 1993 and ending December 31, 1995 and the period
45 starting April 1, 1996 and ending December 31, 1998, require
46 payments from its workers at the following rates of wages paid, which

1 amounts are to be held in the trust fund maintained by the
2 governmental entity or instrumentality for payment of benefit costs:
3 for the calendar year 1999, 0.05%; for each calendar year from 2000
4 to 2002, and the period from January 1, 2003 to June 30, [2003]
5 2004, 0.10%; and each [calendar] fiscal year thereafter, 0.30%.
6 (cf: P.L.2002, c.13, s.6)

7

8 5. This act shall take effect immediately.

9

10

11

STATEMENT

12

13 This bill redirects \$325 million of the amount of payroll tax revenue
14 from the unemployment compensation fund to the Health Care Subsidy
15 Fund during fiscal year 2004 and adjusts unemployment compensation
16 fund reserve ratios to reduce the likelihood that a higher
17 unemployment tax rate schedule on employers will be triggered by the
18 loss of the \$325 million in revenue during that fiscal year.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3702

STATE OF NEW JERSEY

DATED: JUNE 16, 2003

The Assembly Budget Committee reports favorably Assembly Bill No. 3702.

Assembly Bill No. 3702 redirects \$325 million of the amount of payroll tax revenue from the unemployment compensation fund to the Health Care Subsidy Fund during fiscal year 2004 and adjusts the unemployment compensation fund reserve ratio to reduce the likelihood that a higher unemployment tax rate schedule on employers will be triggered by the loss of the \$325 million in revenue during that fiscal year.

FISCAL IMPACT:

The bill redirects \$325 million of the amount of payroll tax revenue from the unemployment compensation fund to the Health Care Subsidy Fund during fiscal year 2004. Under P.L.2002, c.13, the transferred funds could be used for the payment in FY2004 of appropriate Medicaid expenses, as well as the regular costs for which the Fund provides support (charity care, children's health care coverage, and health care services assistance to health care facilities).

The bill adjusts the unemployment compensation fund reserve ratio from 3.5 percent to 2.5 percent, avoiding the trigger to change from the UI "A" schedule to the higher employer tax UI "B" schedule to reduce the likelihood that a higher unemployment tax rate schedule on employers will be triggered by the loss of the \$325 million in revenue during that fiscal year.

STATEMENT TO
ASSEMBLY, No. 3702

with Senate Floor Amendments
(Proposed By Senator SWEENEY)

ADOPTED: JUNE 30, 2003

These Senate amendments make, for a two-year period from July 1, 2003 until June 30, 2005, each unemployment insurance (UI) claimant eligible for a number of weeks of regular UI benefits equal to the claimant's number of base weeks, instead of the 75% of base weeks provided under the current UI law, up to a maximum of 26 weeks. The amendments also prevent the disqualification of a laid-off worker from receiving UI benefits because the individual is available for, seeks, applies for, or accepts only part-time work, if that worker was part-time before the layoff.

SENATE, No. 2587

STATE OF NEW JERSEY
210th LEGISLATURE

INTRODUCED MAY 29, 2003

Sponsored by:

Senator BERNARD F. KENNY, JR.

District 33 (Hudson)

SYNOPSIS

Redirects \$325 million in payroll taxes from UI fund to Health Care Subsidy Fund; changes employer UI tax triggers.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT redirecting \$325 million in payroll taxes from the
2 unemployment compensation fund to the Health Care Subsidy
3 Fund, changing the thresholds for employer unemployment tax
4 schedules and amending P.L.1992, c.160, R.S.43:21-7 and
5 P.L.1971, c.346.

6

7 **BE IT ENACTED** by the Senate and General Assembly of the State
8 of New Jersey:

9

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

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

14 a. The fund shall be comprised of revenues from employee and
15 employer contributions made pursuant to section 29 of P.L.1992,
16 c.160 (C.43:21-7b), revenues from the hospital assessment made
17 pursuant to section 12 of P.L.1992, c.160 (C.26:2H-18.62), revenues
18 pursuant to section 11 of P.L.1996, c.28 (C.26:2H-18.58c), revenues
19 from interest and penalties collected pursuant to this act and revenues
20 from such other sources as the Legislature shall determine. Interest
21 earned on the monies in the fund shall be credited to the fund. The
22 fund shall be a nonlapsing fund dedicated for use by the State to: (1)
23 distribute charity care and other uncompensated care disproportionate
24 share payments to hospitals, and other eligible providers pursuant to
25 section 8 of P.L.1996, c.28 (C.26:2H-18.59f), provide subsidies for
26 the Health Access New Jersey program established pursuant to section
27 15 of P.L.1992, c.160 (C.26:2H-18.65), and provide funding for
28 children's health care coverage pursuant to P.L.1997, c.272 (C.30:4I-1
29 et seq.); (2) assist hospitals and other health care facilities in the
30 underwriting of innovative and necessary health care services; and (3)
31 provide for the payment in State fiscal year 2002 of appropriate
32 Medicaid expenses, subject to the approval of the Director of the
33 Division of Budget and Accounting.

34 b. The fund shall be administered by a person appointed by the
35 commissioner.

36 The administrator of the fund is responsible for overseeing and
37 coordinating the collection and reimbursement of fund monies. The
38 administrator is responsible for promptly informing the commissioner
39 if monies are not or are not reasonably expected to be collected or
40 disbursed.

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

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

Matter underlined thus is new matter.

1 d. The administrator shall establish separate accounts for the
2 charity care component of the disproportionate share hospital subsidy,
3 other uncompensated care component of the disproportionate share
4 hospital subsidy, hospital and other health care initiatives funding and
5 the payments for subsidies for insurance premiums to provide care in
6 disproportionate share hospitals, known as the Health Access New
7 Jersey subsidy account, respectively.

8 e. In the event that the charity care component of the
9 disproportionate share hospital subsidy account has a surplus in a
10 given year after payments are distributed pursuant to the methodology
11 established in section 13 of P.L.1995, c.133 (C.26:2H-18.59b) and
12 section 7 of P.L.1996, c.28 (C.26:2H-18.59e) and within the
13 limitations provided in subsection e. of section 9 of P.L.1992, c.160
14 (C.26:2H-18.59), the surplus monies in calendar years 2002 [and],
15 2003 and 2004 shall lapse to the unemployment compensation fund
16 established pursuant to R.S.43:21-9, and each year thereafter shall
17 lapse to the charity care component of the disproportionate share
18 hospital subsidy account for distribution in subsequent years.
19 (cf: P.L.2002, c.13, s.1)

20

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

22 43:21-7. Contributions. Employers other than governmental
23 entities, whose benefit financing provisions are set forth in section 4
24 of P.L.1971, c.346 (C.43:21-7.3), and those nonprofit organizations
25 liable for payment in lieu of contributions on the basis set forth in
26 section 3 of P.L.1971, c.346 (C.43:21-7.2), shall pay to the controller
27 for the unemployment compensation fund, contributions as set forth
28 in subsections (a), (b) and (c) hereof, and the provisions of subsections
29 (d) and (e) shall be applicable to all employers, consistent with the
30 provisions of the "unemployment compensation law" and the
31 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et
32 seq.).

33 (a) Payment.

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

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

45 (b) Rate of contributions. Each employer shall pay the following
46 contributions:

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

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

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

40 (c) Future rates based on benefit experience.

41 (1) A separate account for each employer shall be maintained and
42 this shall be credited with all the contributions which he has paid on
43 his own behalf on or before January 31 of any calendar year with
44 respect to employment occurring in the preceding calendar year;
45 provided, however, that if January 31 of any calendar year falls on a
46 Saturday or Sunday, an employer's account shall be credited as of

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

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

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

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

46 (4) Employer Reserve Ratio. (A) Each employer's rate shall be 2

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

12 (1) 2 5/10%, if such excess equals or exceeds 4%, but less than
13 5%, of his average annual payroll (as defined in paragraph (2),
14 subsection (a) of R.S.43:21-19);

15 (2) 2 2/10%, if such excess equals or exceeds 5%, but is less than
16 6%, of his average annual payroll;

17 (3) 1 9/10%, if such excess equals or exceeds 6%, but is less than
18 7%, of his average annual payroll;

19 (4) 1 6/10%, if such excess equals or exceeds 7%, but is less than
20 8%, of his average annual payroll;

21 (5) 1 3/10%, if such excess equals or exceeds 8%, but is less than
22 9%, of his average annual payroll;

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

25 (7) 7/10 of 1%, if such excess equals or exceeds 10%, but is less
26 than 11%, of his average annual payroll;

27 (8) 4/10 of 1%, if such excess equals or exceeds 11% of his
28 average annual payroll.

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

33 (1) 4%, if such excess is less than 10% of his average annual
34 payroll;

35 (2) 4 3/10%, if such excess equals or exceeds 10%, but is less than
36 20%, of his average annual payroll;

37 (3) 4 6/10%, if such excess equals or exceeds 20% of his average
38 annual payroll.

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

44 (i) if the reserve balance in its account is positive, its assigned rate
45 shall be the highest rate in effect for positive balance accounts for that
46 period, or 5.4%, whichever is higher, and (ii) if the reserve balance

1 in its account is negative, its assigned rate shall be the highest rate in
2 effect for deficit accounts for that period.

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

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

24 If on March 31 of any calendar year the balance of the
25 unemployment trust fund is less than 2 1/2% of the total taxable wages
26 reported to the controller as of that date in respect to employment
27 during the preceding calendar year, the contribution rate, effective July
28 1 following, of each employer (1) eligible for a contribution rate
29 calculation based upon benefit experience, shall be increased by (i)
30 6/10 of 1% over the contribution rate otherwise established under the
31 provisions of paragraph (3), (4)(A) or (4)(B) of this subsection, and
32 (ii) an additional amount equal to 20% of the total rate established
33 herein, provided, however, that the final contribution rate for each
34 employer shall be computed to the nearest multiple of 1/10% if not
35 already a multiple thereof; (2) not eligible for a contribution rate
36 calculation based upon benefit experience, shall be increased by 6/10
37 of 1% over the contribution rate otherwise established under the
38 provisions of paragraph (4) of this subsection. For the period
39 commencing July 1, 1984 and ending June 30, 1986, the contribution
40 rate for each employer liable to pay contributions under R.S.43:21-7
41 shall be increased by a factor of 10% computed to the nearest multiple
42 of 1/10% if not already a 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
45 1/2% of the total taxable wages reported to the controller as of that
46 date in respect to employment during the preceding calendar year, the

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

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

25 (D) Prior to July 1 of each calendar year the controller shall
26 determine the Unemployment Trust Reserve Ratio, which shall be
27 calculated by dividing the balance of the unemployment trust fund as
28 of the prior March 31 by total taxable wages reported to the controller
29 by all employers as of March 31 with respect to their employment
30 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) [With respect to experience rating years beginning on or after
34 July 1, 1998 and before July 1, 2002, the new employer rate or the
35 unemployment experience rate of an employer under this section shall
36 be the rate which appears in the column headed by the Unemployment
37 Trust Fund Reserve Ratio as of the applicable calculation date and on
38 the line with the Employer Reserve Ratio, as defined in paragraph 4 of
39 this subsection (R.S.43:21-7 (c)(4)), as set forth in the following table:

1 EXPERIENCE RATING TAX TABLE						
2 Fund Reserve Ratio ¹						
3						
4 4.50% 3.50% 3.00% 2.50% 2.49%						
5 Employer and to to to and						
6 Reserve Over 4.49% 3.49% 2.99% Under						
7 Ratio ² A B C D E						
8	Positive Reserve Ratio:					
9	17% and over	0.3	0.4	0.5	0.6	1.2
10	16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
11	15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
12	14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
13	13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
14	12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
15	11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
16	10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
17	9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
18	8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
19	7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
20	6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
21	5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
22	4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
23	3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
24	2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
25	1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
26	0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
27	Deficit Reserve Ratio:					
28	-0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
29	-3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
30	-6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
31	-9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4
32	-12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5
33	-15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6
34	-20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7
35	-25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8
36	-30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9
37	-35.00% and under	5.4	5.4	5.8	6.4	7.0
38	New Employer Rate	2.8	2.8	2.8	3.1	3.4
39	¹ Fund balance as of March 31 as a percentage of taxable wages in					
40	the prior calendar year.					
41	² Employer Reserve Ratio (Contributions minus benefits as a					
42	percentage of employer's taxable wages) (Deleted by amendment,					
43	P.L. _____, c. _____)(now pending before the Legislature as this bill).					
44	(iv) With respect to <u>the</u> experience rating <u>[years]</u> <u>year</u> beginning					
45	on <u>[or after]</u> July 1, 2002, the new employer rate or the					
46	unemployment experience rate of an employer under this section shall					

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

EXPERIENCE RATING TAX TABLE

Fund Reserve Ratio¹

	3.50%	3.00%	2.50%	2.00%	1.99%
Employer Reserve Ratio ²	and Over A	to B	to C	to D	and Under E
13 Positive Reserve Ratio:					
14 17% and over	0.3	0.4	0.5	0.6	1.2
15 16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
16 15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
17 14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
18 13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
19 12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
20 11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
21 10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
22 9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
23 8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
24 7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
25 6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
26 5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
27 4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
28 3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
29 2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
30 1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
31 0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
32 Deficit Reserve Ratio:					
33 -0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
34 -3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
35 -6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
36 -9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4
37 -12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5
38 -15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6
39 -20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7
40 -25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8
41 -30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9
42 -35.00% and under	5.4	5.4	5.8	6.4	7.0
43 New Employer Rate	2.8	2.8	2.8	3.1	3.4

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

46 ²Employer Reserve Ratio (Contributions minus benefits as a

1 percentage of employer's taxable wages).
 2 (v) With respect to experience rating years beginning on or after
 3 July 1, 2003, the new employer rate or the unemployment experience
 4 rate of an employer under this section shall be the rate which appears
 5 in the column headed by the Unemployment Trust Fund Reserve Ratio
 6 as of the applicable calculation date and on the line with the Employer
 7 Reserve Ratio, as defined in paragraph 4 of this subsection
 8 (R.S.43:21-7 (c)(4)), as set forth in the following table:

9

10 **EXPERIENCE RATING TAX TABLE**

11 **Fund Reserve Ratio¹**

12

	<u>2.50%</u>	<u>2.00%</u>	<u>1.50%</u>	<u>1.00%</u>	<u>0.99%</u>
<u>Employer</u>	<u>and</u>	<u>to</u>	<u>to</u>	<u>to</u>	<u>and</u>
<u>Reserve</u>	<u>Over</u>	<u>2.49%</u>	<u>1.99%</u>	<u>1.49%</u>	<u>Under</u>
<u>Ratio²</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
17 <u>Positive Reserve Ratio:</u>					
18 <u>17% and over</u>	<u>0.3</u>	<u>0.4</u>	<u>0.5</u>	<u>0.6</u>	<u>1.2</u>
19 <u>16.00% to 16.99%</u>	<u>0.4</u>	<u>0.5</u>	<u>0.6</u>	<u>0.6</u>	<u>1.2</u>
20 <u>15.00% to 15.99%</u>	<u>0.4</u>	<u>0.6</u>	<u>0.7</u>	<u>0.7</u>	<u>1.2</u>
21 <u>14.00% to 14.99%</u>	<u>0.5</u>	<u>0.6</u>	<u>0.7</u>	<u>0.8</u>	<u>1.2</u>
22 <u>13.00% to 13.99%</u>	<u>0.6</u>	<u>0.7</u>	<u>0.8</u>	<u>0.9</u>	<u>1.2</u>
23 <u>12.00% to 12.99%</u>	<u>0.6</u>	<u>0.8</u>	<u>0.9</u>	<u>1.0</u>	<u>1.2</u>
24 <u>11.00% to 11.99%</u>	<u>0.7</u>	<u>0.8</u>	<u>1.0</u>	<u>1.1</u>	<u>1.2</u>
25 <u>10.00% to 10.99%</u>	<u>0.9</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.6</u>
26 <u>9.00% to 9.99%</u>	<u>1.0</u>	<u>1.3</u>	<u>1.6</u>	<u>1.7</u>	<u>1.9</u>
27 <u>8.00% to 8.99%</u>	<u>1.3</u>	<u>1.6</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>
28 <u>7.00% to 7.99%</u>	<u>1.4</u>	<u>1.8</u>	<u>2.2</u>	<u>2.4</u>	<u>2.6</u>
29 <u>6.00% to 6.99%</u>	<u>1.7</u>	<u>2.1</u>	<u>2.5</u>	<u>2.8</u>	<u>3.0</u>
30 <u>5.00% to 5.99%</u>	<u>1.9</u>	<u>2.4</u>	<u>2.8</u>	<u>3.1</u>	<u>3.4</u>
31 <u>4.00% to 4.99%</u>	<u>2.0</u>	<u>2.6</u>	<u>3.1</u>	<u>3.4</u>	<u>3.7</u>
32 <u>3.00% to 3.99%</u>	<u>2.1</u>	<u>2.7</u>	<u>3.2</u>	<u>3.6</u>	<u>3.9</u>
33 <u>2.00% to 2.99%</u>	<u>2.2</u>	<u>2.8</u>	<u>3.3</u>	<u>3.7</u>	<u>4.0</u>
34 <u>1.00% to 1.99%</u>	<u>2.3</u>	<u>2.9</u>	<u>3.4</u>	<u>3.8</u>	<u>4.1</u>
35 <u>0.00% to 0.99%</u>	<u>2.4</u>	<u>3.0</u>	<u>3.6</u>	<u>4.0</u>	<u>4.3</u>
36 <u>Deficit Reserve Ratio:</u>					
37 <u>-0.00% to -2.99%</u>	<u>3.4</u>	<u>4.3</u>	<u>5.1</u>	<u>5.6</u>	<u>6.1</u>
38 <u>-3.00% to -5.99%</u>	<u>3.4</u>	<u>4.3</u>	<u>5.1</u>	<u>5.7</u>	<u>6.2</u>
39 <u>-6.00% to -8.99%</u>	<u>3.5</u>	<u>4.4</u>	<u>5.2</u>	<u>5.8</u>	<u>6.3</u>
40 <u>-9.00% to -11.99%</u>	<u>3.5</u>	<u>4.5</u>	<u>5.3</u>	<u>5.9</u>	<u>6.4</u>
41 <u>-12.00% to -14.99%</u>	<u>3.6</u>	<u>4.6</u>	<u>5.4</u>	<u>6.0</u>	<u>6.5</u>
42 <u>-15.00% to -19.99%</u>	<u>3.6</u>	<u>4.6</u>	<u>5.5</u>	<u>6.1</u>	<u>6.6</u>
43 <u>-20.00% to -24.99%</u>	<u>3.7</u>	<u>4.7</u>	<u>5.6</u>	<u>6.2</u>	<u>6.7</u>
44 <u>-25.00% to -29.99%</u>	<u>3.7</u>	<u>4.8</u>	<u>5.6</u>	<u>6.3</u>	<u>6.8</u>
45 <u>-30.00% to -34.99%</u>	<u>3.8</u>	<u>4.8</u>	<u>5.7</u>	<u>6.3</u>	<u>6.9</u>
46 <u>-35.00% and under</u>	<u>5.4</u>	<u>5.4</u>	<u>5.8</u>	<u>6.4</u>	<u>7.0</u>

1 New Employer Rate . 2.8 2.8 2.8 3.1 3.4

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

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

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

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

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

25 (H) On or after January 1, 1993 until December 31, 1993,
26 notwithstanding any other provisions of this paragraph (5), the
27 contribution rate for each employer liable to pay contributions, as
28 computed under subparagraph (E) of this paragraph (5), shall be
29 decreased by a factor of 52.0% computed to the nearest multiple of
30 1/10%, except that, if an employer has a deficit reserve ratio of
31 negative 35.0% or under, the employer's rate of contribution shall not
32 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
33 amount of the reduction in the employer contributions stipulated by
34 this subparagraph (H) shall be in addition to the amount of the
35 reduction in the employer contributions stipulated by subparagraph (G)
36 of this paragraph (5), except that the rate of contribution of an
37 employer who has a deficit reserve ratio of negative 35.0% or under
38 shall not be reduced pursuant to this subparagraph (H) to less than
39 5.4% and the rate of contribution of any other employer shall not be
40 reduced to less than 0.0%.

41 On or after January 1, 1994 until December 31, 1995, except as
42 provided pursuant to subparagraph (I) of this paragraph (5),
43 notwithstanding any other provisions of this paragraph (5), the
44 contribution rate for each employer liable to pay contributions, as
45 computed under subparagraph (E) of this paragraph (5), shall be
46 decreased by a factor of 36.0% computed to the nearest multiple of

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

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

26 On or after January 1, 1997 until December 31, 1997, the
27 contribution rate for each employer liable to pay contributions, as
28 computed under subparagraph (E) of this paragraph (5), shall be
29 decreased by a factor of 10.0% computed to the nearest multiple of
30 1/10%, except that, if an employer has a deficit reserve ratio of
31 negative 35.0% or under, the employer's rate of contribution shall not
32 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
33 amount of the reduction in the employer contributions stipulated by
34 this subparagraph (H) shall be in addition to the amount of the
35 reduction in the employer contributions stipulated by subparagraph (G)
36 of this paragraph (5), except that the rate of contribution of an
37 employer who has a deficit reserve ratio of negative 35.0% or under
38 shall not be reduced pursuant to this subparagraph (H) to less than
39 5.4% and the rate of contribution of any other employer shall not be
40 reduced to less than 0.0%.

41 On and after January 1, 1998 until December 31, 2000 and on or
42 after January 1, 2002 until June 30, [2003] 2004, the contribution rate
43 for each employer liable to pay contributions, as computed under
44 subparagraph (E) of this paragraph (5), shall be decreased by a factor,
45 as set out below, computed to the nearest multiple of 1/10%, except
46 that, if an employer has a deficit reserve ratio of negative 35.0% or

1 under, the employer's rate of contribution shall not be reduced
2 pursuant to this subparagraph (H) to less than 5.4%:

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

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

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

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

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

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

9 From July 1, 2003 until June 30, 2004, a factor of 15%.

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

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

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

36 If, upon calculating the unemployment compensation fund reserve
37 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, 2000, the
38 controller finds that the fund reserve ratio has decreased to a level of
39 less than 3.00%, the Commissioner of Labor shall notify the State
40 Treasurer of this fact and of the dollar amount necessary to bring the
41 fund reserve ratio up to a level of 3.00%. The State Treasurer shall,
42 prior to March 31, 2000, transfer from the General Fund to the
43 unemployment compensation fund, revenues in the amount specified
44 by the commissioner and which, upon deposit in the unemployment
45 compensation fund, shall result, upon recalculation, in a fund reserve
46 ratio used to determine employer contributions beginning July 1, 2000

1 of at least 3.00%.

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

18 (6) Additional contributions.

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

41 (7) Transfers.

42 (A) Upon the transfer of the organization, trade or business, or
43 substantially all the assets of an employer to a successor in interest,
44 whether by merger, consolidation, sale, transfer, descent or otherwise,
45 the controller shall transfer the employment experience of the
46 predecessor employer to the successor in interest, including credit for

1 past years, contributions paid, annual payrolls, benefit charges, et
2 cetera, applicable to such predecessor employer, pursuant to
3 regulation, if it is determined that the employment experience of the
4 predecessor employer with respect to the organization, trade, assets
5 or business which has been transferred may be considered indicative
6 of the future employment experience of the successor in interest.
7 Unless the predecessor employer was owned or controlled (by legally
8 enforceable means or otherwise), directly or indirectly, by the
9 successor in interest, or the predecessor employer and the successor
10 in interest were owned or controlled (by legally enforceable means or
11 otherwise), directly or indirectly, by the same interest or interests, the
12 transfer of the employment experience of the predecessor shall not be
13 effective if such successor in interest, within four months of the date
14 of such transfer of the organization, trade, assets or business, or
15 thereafter upon good cause shown, files a written notice protesting the
16 transfer of the employment experience of the predecessor employer.

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

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

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

45 (1) (A) For periods after January 1, 1975, each worker shall
46 contribute to the fund 1% of his wages with respect to his employment

1 with an employer, which occurs on and after January 1, 1975, after
2 such employer has satisfied the condition set forth in subsection (h) of
3 R.S.43:21-19 with respect to becoming an employer; provided,
4 however, that such contributions shall be at the rate of 1/2 of 1% of
5 wages paid with respect to employment while the worker is in the
6 employ of the State of New Jersey, or any governmental entity or
7 instrumentality which is an employer as defined under
8 R.S.43:21-19(h)(5), or is covered by an approved private plan under
9 the "Temporary Disability Benefits Law" or while the worker is
10 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).

12 (B) Effective January 1, 1978 there shall be no contributions by
13 workers in the employ of any governmental or nongovernmental
14 employer electing or required to make payments in lieu of
15 contributions unless the employer is covered by the State plan under
16 the "Temporary Disability Benefits Law" (C.43:21-37 et seq.), and in
17 that case contributions shall be at the rate of 1/2 of 1%, except that
18 commencing July 1, 1986, workers in the employ of any
19 nongovernmental employer electing or required to make payments in
20 lieu of contributions shall be required to make contributions to the
21 fund at the same rate prescribed for workers of other nongovernmental
22 employers.

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

1 contributions to the fund shall be 0.125%.

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

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

30 Each worker shall, starting on January 1, 1996 and ending March
31 31, 1996, contribute to the unemployment compensation fund 0.60%
32 of wages paid with respect to the worker's employment with a
33 governmental employer electing or required to pay contributions or
34 nongovernmental employer, including a nonprofit organization which
35 is an employer as defined under paragraph (6) of subsection (h) of
36 R.S.43:21-19, regardless of whether that nonprofit organization elects
37 or is required to finance its benefit costs with contributions to the fund
38 or by payments in lieu of contributions, after that employer has
39 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
40 with respect to becoming an employer, provided that the contributions
41 shall be at the rate of 0.10% of wages paid with respect to
42 employment with the State of New Jersey or any other governmental
43 entity or instrumentality electing or required to make payments in lieu
44 of contributions.

45 Each worker shall, starting on January 1, 1998 and ending
46 December 31, 1998, contribute to the unemployment compensation

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

14 Each worker shall, starting on January 1, 1999 until December 31,
15 1999, contribute to the unemployment compensation fund 0.15% of
16 wages paid with respect to the worker's employment with a
17 governmental employer electing or required to pay contributions or
18 nongovernmental employer, including a nonprofit organization which
19 is an employer as defined under paragraph (6) of subsection (h) of
20 R.S.43:21-19, regardless of whether that nonprofit organization elects
21 or is required to finance its benefit costs with contributions to the fund
22 or by payments in lieu of contributions, after that employer has
23 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
24 with respect to becoming an employer, provided that the contributions
25 shall be at the rate of 0.10% of wages paid with respect to
26 employment with the State of New Jersey or any other governmental
27 entity or instrumentality electing or required to make payments in lieu
28 of contributions.

29 Each worker shall, starting on January 1, 2000 until December 31,
30 2001, contribute to the unemployment compensation fund 0.20% of
31 wages paid with respect to the worker's employment with a
32 governmental employer electing or required to pay contributions or
33 nongovernmental employer, including a nonprofit organization which
34 is an employer as defined under paragraph (6) of subsection (h) of
35 R.S.43:21-19, regardless of whether that nonprofit organization elects
36 or is required to finance its benefit costs with contributions to the fund
37 or by payments in lieu of contributions, after that employer has
38 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
39 with respect to becoming an employer, provided that the contributions
40 shall be at the rate of 0.10% of wages paid with respect to
41 employment with the State of New Jersey or any other governmental
42 entity or instrumentality electing or required to make payments in lieu
43 of contributions.

44 Each worker shall, starting on January 1, 2002 until June 30,
45 [2003] 2004, contribute to the unemployment compensation fund
46 0.1825% of wages paid with respect to the worker's employment with

1 a governmental employer electing or required to pay contributions or
2 a nongovernmental employer, including a nonprofit organization which
3 is an employer as defined under paragraph (6) of subsection (h) of
4 R.S.43:21-19, regardless of whether that nonprofit organization elects
5 or is required to finance its benefit costs with contributions to the fund
6 or by payments in lieu of contributions, after that employer has
7 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
8 with respect to becoming an employer, provided that the contributions
9 shall be at the rate of 0.0825% of wages paid with respect to
10 employment with the State of New Jersey or any other governmental
11 entity or instrumentality electing or required to make payments in lieu
12 of contributions.

13 Each worker shall, starting on and after July 1, [2003] 2004,
14 contribute to the unemployment compensation fund 0.3825% of wages
15 paid with respect to the worker's employment with a governmental
16 employer electing or required to pay contributions or nongovernmental
17 employer, including a nonprofit organization which is an employer as
18 defined under paragraph (6) of subsection (h) of R.S.43:21-19,
19 regardless of whether that nonprofit organization elects or is required
20 to finance its benefit costs with contributions to the fund or by
21 payments in lieu of contributions, after that employer has satisfied the
22 conditions set forth in subsection (h) of R.S.43:21-19 with respect to
23 becoming an employer, provided that the contributions shall be at the
24 rate of 0.0825% of wages paid with respect to employment with the
25 State of New Jersey or any other governmental entity or
26 instrumentality electing or required to make payments in lieu of
27 contributions.

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

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

45 (G) Each worker shall, starting on July 1, 1994, contribute to the
46 State disability benefits fund an amount equal to 0.50% of wages paid

1 with respect to the worker's employment with a government employer
2 electing or required to pay contributions to the State disability benefits
3 fund or nongovernmental employer, including a nonprofit organization
4 which is an employer as defined under paragraph (6) of subsection (h)
5 of R.S.43:21-19, unless the employer is covered by an approved
6 private disability plan or is exempt from the provisions of the
7 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et
8 seq.) under section 7 of that law (C.43:21-31) or any other provision
9 of that law.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 contributions shall become due and be paid by the employer to the
2 controller for the State disability benefits fund as established by law,
3 in accordance with such regulations as may be prescribed, and shall
4 not be deducted, in whole or in part, from the remuneration of
5 individuals in his employ. In the payment of any contributions, a
6 fractional part of a cent shall be disregarded unless it amounts to
7 \$0.005 or more, in which case it shall be increased to \$0.01.

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

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

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

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

44 (D) Prior to July 1 of each calendar year, the controller shall make
45 a preliminary determination of the rate of contribution for the 12
46 months commencing on such July 1 for each employer subject to the

1 contribution requirements of this subsection (e).

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

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

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

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

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

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

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

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

27 (ii) 45/100 of 1% if such excess over \$500.00 equals or exceeds
28 1/4 of 1% but is less than 1/2 of 1% of his average annual payroll;

29 (iii) 55/100 of 1% if such excess over \$500.00 equals or exceeds
30 1/2 of 1% but is less than 3/4 of 1% of his average annual payroll;

31 (iv) 65/100 of 1% if such excess over \$500.00 equals or exceeds
32 3/4 of 1% but is less than 1% of his average annual payroll;

33 (v) 75/100 of 1% if such excess over \$500.00 equals or exceeds
34 1% of his average annual payroll.

35 (5) Determination of the preliminary rate as specified in (2), (3)
36 and (4) above shall be subject, however, to the condition that it shall
37 in no event be decreased by more than 1/10 of 1% of wages or
38 increased by more than 2/10 of 1% of wages from the preliminary rate
39 determined for the preceding year in accordance with (1), (2), (3) or
40 (4), whichever 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 year
45 with respect to employment occurring in the preceding calendar year.
46 If such amount exceeds the net amount withdrawn from the

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

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

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

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

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

36 (iv) If the amount of the State disability benefits fund determined
37 as provided in paragraph (E)(1) of this subsection is equal to or less
38 than $\frac{1}{4}$ of 1%, then the final rate shall be $\frac{2}{5}$ of 1% in the case of an
39 employer whose preliminary rate is determined as provided in (D)(2)
40 hereof, $\frac{7}{10}$ of 1% in the case of an employer whose preliminary rate
41 is determined as provided in (D)(1) and (D)(3) hereof, and 1.1% in the
42 case of an employer whose preliminary rate is determined as provided
43 in (D)(4) hereof. Notwithstanding any other provision of law or any
44 determination made by the controller with respect to any 12-month
45 period commencing on July 1, 1970, the final rates for all employers
46 for the period beginning January 1, 1971, shall be as set forth herein.

1 (cf: P.L.2002, c.29, s.1)

2

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

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

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

18 Beginning January 1, 1997 through December 31, 1997, each
19 employee shall, in such a manner and at such times as determined by
20 the commissioner, contribute to the fund an amount equal to 0.5% of
21 the employee's taxable wages.

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

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

30 Beginning on January 1, 2000 until June 30, [2003] 2004, each
31 employee shall, in such a manner and at such times as determined by
32 the commissioner, contribute to the fund an amount equal to 0.20% of
33 the employee's taxable wages.

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

41 Also beginning on January 1, 1998 until December 31, 2000, and
42 beginning on January 1, 2002 and ending June 30, [2003] 2004, each
43 employer shall, in such a manner and at such times as determined by
44 the commissioner, contribute to the fund an amount equal to the
45 amount that the employer's contribution to the unemployment
46 compensation fund is decreased pursuant to subparagraph (H) of

1 paragraph (5) of subsection (c) of R.S.43:21-7.

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

13 c. If the total amount of contributions to the fund pursuant to this
14 section during the calendar year 1993 exceeds \$600 million, all
15 contributions which exceed \$600 million shall be deposited in the
16 unemployment compensation fund. If the total amount of
17 contributions to the fund pursuant to this section during calendar year
18 1994 or calendar year 1995 exceeds \$500 million, all contributions
19 which exceed \$500 million shall be deposited in the unemployment
20 compensation fund. If the total amount of contributions made to the
21 fund pursuant to this section for the calendar year 1996 or 1997
22 exceeds \$330 million, all contributions which exceed \$330 million in
23 calendar year 1996 or 1997 shall be deposited in the unemployment
24 compensation fund. If the total amount of contributions made to the
25 fund pursuant to this section for the calendar year 1998 exceeds \$288
26 million, all contributions which exceed \$288 million in the calendar
27 year 1998 shall be deposited in the unemployment compensation fund.
28 If the total amount of contributions made to the fund pursuant to this
29 section for the calendar year 1999 exceeds \$233.9 million, all
30 contributions which exceed \$233.9 million in the calendar year 1999
31 shall be deposited in the unemployment compensation fund. If the
32 total amount of contributions made to the fund pursuant to this section
33 for the calendar year 2000 exceeds \$178.6 million, all contributions
34 which exceed \$178.6 million in the calendar year 2000 shall be
35 deposited in the unemployment compensation fund. If the total
36 amount of contributions made to the fund pursuant to this section for
37 the calendar year 2001 exceeds \$94.9 million, all contributions which
38 exceed \$94.9 million in the calendar year 2001 shall be deposited in
39 the unemployment compensation fund. If the total amount of
40 contributions made to the fund pursuant to this section for the period
41 beginning January 1, 2002 and ending June 30, 2002 exceeds \$516.5
42 million, all contributions which exceed \$516.5 million in the period
43 beginning January 1, 2002 and ending June 30, 2002 shall be deposited
44 in the unemployment compensation fund. If the total amount of
45 contributions made to the fund pursuant to this section for the fiscal
46 year 2003 or fiscal year 2004 exceeds \$325 million, all contributions

1 which exceed \$325 million in the fiscal year 2003 or fiscal year 2004
2 shall be deposited in the unemployment compensation fund.

3 d. All necessary administrative costs related to the collection of
4 contributions pursuant to this section shall be paid from the
5 contributions.

6 (cf: P.L.2002, c.29, s.2)

7

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

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

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

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

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

1 (e) On or before September 1 of each year, the Commissioner of
2 Labor shall review the composite benefit cost experience of all
3 governmental entities and instrumentalities electing to pay
4 contributions and, on the basis of that experience, establish the
5 contribution rate for the next following calendar year which can be
6 expected to yield sufficient revenue in combination with worker
7 contributions to equal or exceed the projected costs for that calendar
8 year.

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

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

41 (h) Notwithstanding the provisions of the above subsection (g),
42 commencing July 1, 1986 worker contributions to the unemployment
43 trust fund with respect to wages paid by any governmental entity or
44 instrumentality electing or required to make payments in lieu of
45 contributions, including the State of New Jersey, shall be made in
46 accordance with the provisions of R.S.43:21-7(d)(1)(C) or

1 R.S.43:21-7(d)(1)(D), as applicable, and, in addition, each
2 governmental entity or instrumentality electing or required to make
3 payments in lieu of contributions shall, except during the period
4 starting January 1, 1993 and ending December 31, 1995 and the period
5 starting April 1, 1996 and ending December 31, 1998, require
6 payments from its workers at the following rates of wages paid, which
7 amounts are to be held in the trust fund maintained by the
8 governmental entity or instrumentality for payment of benefit costs:
9 for the calendar year 1999, 0.05%; for each calendar year from 2000
10 to 2002, and the period from January 1, 2003 to June 30, [2003]
11 2004, 0.10%; and each [calendar] fiscal year thereafter, 0.30%.
12 (cf: P.L.2002, c.13, s.6)

13

14 5. This act shall take effect immediately.

15

16

17

STATEMENT

18

19 This bill redirects \$325 million of the amount of payroll tax revenue
20 from the unemployment compensation fund to the Health Care Subsidy
21 Fund during fiscal year 2004 and adjusts unemployment compensation
22 fund reserve ratios to reduce the likelihood that a higher
23 unemployment tax rate schedule on employers will be triggered by the
24 loss of the \$325 million in revenue during that fiscal year.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2587

STATE OF NEW JERSEY

DATED: JUNE 17, 2003

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2587.

This bill redirects \$325 million of the amount of payroll tax revenue from the unemployment compensation fund to the Health Care Subsidy Fund during fiscal year 2004 and adjusts the unemployment compensation fund reserve ratio to reduce the likelihood that a higher unemployment tax rate schedule on employers will be triggered by the loss of the \$325 million in revenue during that fiscal year.

FISCAL IMPACT

The bill redirects \$325 million of the amount of payroll tax revenue from the unemployment compensation fund to the Health Care Subsidy Fund during State FY2004. Under P.L.2002, c.13, the transferred funds could be used for the payment in FY2004 of appropriate Medicaid expenses, as well as the regular costs for which the Fund provides support (charity care, children's health care coverage, and health care services assistance to health care facilities).

The bill adjusts the unemployment compensation fund reserve ratio from 3.5 percent to 2.5 percent, avoiding the trigger to change from the UI "A" schedule to the higher employer tax UI "B" schedule to reduce the likelihood that a higher unemployment tax rate schedule on employers will be triggered by the loss of the \$325 million in revenue during that fiscal year.

43:15A-24

LEGISLATIVE HISTORY CHECKLIST

Compiled by the NJ State Law Library

LAWS OF: 2003 **CHAPTER:** 108
NJSA: 43:15A-24 (Local employers' contributions to PERS and PFRS)
BILL NO: A3703 (Substituted for S2586)

SPONSOR(S): Sires and others

DATE INTRODUCED: June 12, 2003

COMMITTEE: **ASSEMBLY:** Budget

SENATE: ----

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** June 23, 2003

SENATE: June 30, 2003

DATE OF APPROVAL: July 1, 2003

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (1st reprint enacted)
(Amendments during passage denoted by superscript numbers)

A3703

[SPONSORS STATEMENT](#): (Begins on page 13 of original bill) [Yes](#)

COMMITTEE STATEMENT: [ASSEMBLY:](#) [Yes](#)

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

S2586

[SPONSORS STATEMENT](#): (Begins on page 13 of original bill) [Yes](#)

Bill and Sponsors Statement identical to A3703

COMMITTEE STATEMENT: **ASSEMBLY:** No

[SENATE:](#) [Yes](#)

[FLOOR AMENDMENT STATEMENT:](#) [Yes](#)

[LEGISLATIVE FISCAL ESTIMATE:](#) [Yes](#)

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 103 or <mailto:refdesk@njstatelib.org>.

REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

No

P.L. 2003, CHAPTER 108, *approved July 1, 2003*
Assembly, No. 3703 (*First Reprint*)

1 **AN ACT** concerning the funding of the Public Employees' Retirement
2 System of New Jersey ¹[and] the funding and special retirement
3 allowance of ¹ the Police and Firemen's Retirement System ¹[and]
4 ¹ amending P.L.1954, c.84 ¹, P.L.1964, c.241¹ and P.L.1944,
5 c.255 ¹and supplementing P.L.1976, c.68 (C.40A:4-45.1 et seq.)¹.

6
7 **BE IT ENACTED** *by the Senate and General Assembly of the State*
8 *of New Jersey:*

9
10 1. Section 24 of P.L.1954, c.84 (C.43:15A-24) is amended to read
11 as follows:

12 24. The contingent reserve fund shall be the fund in which shall be
13 credited contributions made by the State and other employers.

14 a. Upon the basis of the tables recommended by the actuary which
15 the board adopts and regular interest, the actuary shall compute
16 annually, beginning as of March 31, 1992, the amount of contribution
17 which shall be the normal cost as computed under the projected unit
18 credit method attributable to service rendered under the retirement
19 system for the year beginning on July 1 immediately succeeding the
20 date of the computation. This shall be known as the "normal
21 contribution."

22 b. With respect to employers other than the State, upon the basis
23 of the tables recommended by the actuary which the board adopts and
24 regular interest, the actuary shall compute the amount of the accrued
25 liability of the retirement system as of March 31, 1992 under the
26 projected unit credit method, excluding the liability for pension
27 adjustment benefits for active employees funded pursuant to section
28 2 of P.L.1990, c.6 (C.43:15A-24.1), which is not already covered by
29 the assets of the retirement system, valued in accordance with the asset
30 valuation method established in this section. Using the total amount of
31 this unfunded accrued liability, the actuary shall compute the initial
32 amount of contribution which, if the contribution is increased at a
33 specific rate and paid annually for a specific period of time, will
34 amortize this liability. The State Treasurer shall determine, upon the
35 advice of the Director of the Division of Pensions and Benefits, the
36 board of trustees and the actuary, the rate of increase for the
37 contribution and the time period for full funding of this liability, which
38 shall not exceed 40 years on initial application of this section as
39 amended by this act, P.L.1994, c.62. This shall be known as the
40 "accrued liability contribution." Any increase or decrease in the

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly ABU committee amendments adopted June 19, 2003.

1 unfunded accrued liability as a result of actuarial losses or gains for the
2 10 valuation years following valuation year 1992 shall serve to
3 increase or decrease, respectively, the unfunded accrued liability
4 contribution. Thereafter, any increase or decrease in the unfunded
5 accrued liability as a result of actuarial losses or gains for subsequent
6 valuation years shall serve to increase or decrease, respectively, the
7 amortization period for the unfunded accrued liability, unless an
8 increase in the amortization period will cause it to exceed 30 years.
9 If an increase in the amortization period as a result of actuarial losses
10 for a valuation year would exceed 30 years, the accrued liability
11 contribution shall be computed for the valuation year in the same
12 manner provided for the computation of the initial accrued liability
13 contribution under this section.

14 With respect to the State, upon the basis of the tables recommended
15 by the actuary which the commission adopts and regular interest, the
16 actuary shall annually determine if there is an amount of the accrued
17 liability of the retirement system, computed under the projected unit
18 credit method, which is not already covered by the assets of the
19 retirement system, valued in accordance with the asset valuation
20 method established in this section. This shall be known as the
21 "unfunded accrued liability." If there was no unfunded accrued
22 liability for the valuation period immediately preceding the current
23 valuation period, the actuary, using the total amount of this unfunded
24 accrued liability, shall compute the initial amount of contribution
25 which, if the contribution is increased at a specific rate and paid
26 annually for a specific period of time, will amortize this liability. The
27 State Treasurer shall determine, upon the advice of the Director of the
28 Division of Pensions and Benefits, the commission and the actuary, the
29 rate of increase for the contribution and the time period for full
30 funding of this liability, which shall not exceed 30 years. This shall be
31 known as the "accrued liability contribution." Thereafter, any increase
32 or decrease in the unfunded accrued liability as a result of actuarial
33 losses or gains for subsequent valuation years shall serve to increase
34 or decrease, respectively, the amortization period for the unfunded
35 accrued liability, unless an increase in the amortization period will
36 cause it to exceed 30 years. If an increase in the amortization period
37 as a result of actuarial losses for a valuation year would exceed 30
38 years, the accrued liability contribution shall be computed for the
39 valuation year in the same manner provided for the computation of the
40 initial accrued liability contribution under this section. The State may
41 pay all or any portion of its unfunded accrued liability under the
42 retirement system from any source of funds legally available for the
43 purpose, including, without limitation, the proceeds of bonds
44 authorized by law for this purpose.

45 The value of the assets to be used in the computation of the
46 contributions provided for under this section for valuation periods

1 shall be the value of the assets for the preceding valuation period
2 increased by the regular interest rate, plus the net cash flow for the
3 valuation period (the difference between the benefits and expenses
4 paid by the system and the contributions to the system) increased by
5 one half of the regular interest rate, plus 20% of the difference
6 between this expected value and the full market value of the assets as
7 of the end of the valuation period. This shall be known as the
8 "valuation assets." Notwithstanding the first sentence of this
9 paragraph, the valuation assets for the valuation period ending March
10 31, 1996 shall be the full market value of the assets as of that date and,
11 with respect to the valuation assets allocated to the State, shall include
12 the proceeds from the bonds issued pursuant to the "Pension Bond
13 Financing Act of 1997," P.L.1997, c.114 (C.34:1B-7.45 et seq.), paid
14 to the system by the New Jersey Economic Development Authority to
15 fund the unfunded accrued liability of the system. Notwithstanding the
16 first sentence of this paragraph, the valuation assets for the valuation
17 period ending June 30, 1999 shall be the full market value of the assets
18 as of that date.

19 "Excess valuation assets" for a valuation period means, with respect
20 to the valuation assets allocated to the State:

- 21 (1) the valuation assets allocated to the State; less
- 22 (2) the actuarial accrued liability of the State for basic benefits and
23 pension adjustment benefits under the retirement system; less
- 24 (3) the contributory group insurance premium fund, created by
25 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section 4
26 of P.L.1960, c.79; less
- 27 (4) the post retirement medical premium fund, created pursuant to
28 section 2 of P.L.1990, c.6 (C.43:15A-24.1), as amended by section 8
29 of P.L.1994, c.62; less
- 30 (5) the present value of the projected total normal cost for pension
31 adjustment benefits in excess of the projected total phased-in normal
32 cost for pension adjustment benefits for the State authorized by
33 section 2 of P.L.1990, c.6 (C.43:15A-24.1) over the full phase-in
34 period, determined in the manner prescribed for the determination and
35 amortization of the unfunded accrued liability of the system, if the sum
36 of the foregoing items is greater than zero.

37 "Excess valuation assets" for a valuation period means, with respect
38 to the valuation assets allocated to other employers:

- 39 (1) the valuation assets allocated to the other employers; less
- 40 (2) the actuarial accrued liability of the other employers for basic
41 benefits and pension adjustment benefits under the retirement system,
42 excluding the unfunded accrued liability for early retirement incentive
43 benefits pursuant to P.L.1991, c.229, P.L.1991, c.230, P.L.1993,
44 c.138, and P.L.1993, c.181, for employers other than the State; less
- 45 (3) the contributory group insurance premium fund, created by
46 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section 4

1 of P.L.1960, c.79; less

2 (4) the present value of the projected total normal cost for pension
3 adjustment benefits in excess of the projected total phased-in normal
4 cost for pension adjustment benefits for the other employers
5 authorized by section 2 of P.L.1990, c.6 (C.43:15A-24.1) over the full
6 phase-in period, determined in the manner prescribed for the
7 determination and amortization of the unfunded accrued liability of the
8 system, if the sum of the foregoing items is greater than zero.

9 If there are excess valuation assets allocated to the State or to the
10 other employers for the valuation period ending March 31, 1996, the
11 normal contributions payable by the State or by the other employers
12 for the valuation periods ending March 31, 1996 and March 31, 1997
13 which have not yet been paid to the retirement system shall be reduced
14 to the extent possible by the excess valuation assets allocated to the
15 State or to the other employers, respectively, provided that with
16 respect to the excess valuation assets allocated to the State, the
17 General Fund balances that would have been paid to the retirement
18 system except for this provision shall first be allocated as State aid to
19 public schools to the extent that additional sums are required to
20 comply with the May 14, 1997 decision of the New Jersey Supreme
21 Court in *Abbott v. Burke*. If there are excess valuation assets
22 allocated to the State or to the other employers for a valuation period
23 ending after March 31, 1996, the State Treasurer may reduce the
24 normal contribution payable by the State or by the other employers for
25 the next valuation period as follows:

26 (1) for valuation periods ending March 31, 1997 through March 31,
27 2001, to the extent possible by up to 100% of the excess valuation
28 assets allocated to the State or to the other employers, respectively;

29 (2) for the valuation period ending March 31, 2002, to the extent
30 possible by up to 84% of the excess valuation assets allocated to the
31 State or to the other employers, respectively;

32 (3) for the valuation period ending March 31, 2003, to the extent
33 possible by up to 68% of the excess valuation assets allocated to the
34 State or to the other employers, respectively; and

35 (4) for valuation periods ending on or after March 31, 2004, to the
36 extent possible by up to 50% of the excess valuation assets allocated
37 to the State or to the other employers, respectively.

38 For calendar years 1998 and 1999, the rate of contribution of
39 members of the retirement system under section 25 of P.L.1954, c.84
40 (C.43:15A-25) shall be reduced by 1/2 of 1% from excess valuation
41 assets and for calendar years 2000 and 2001, the rate of contribution
42 shall be reduced by 2% from excess valuation assets. Thereafter, the
43 rate of contribution of members of the retirement system under that
44 section for a calendar year shall be reduced equally with normal
45 contributions to the extent possible, but not by more than 2%, from
46 excess valuation assets if the State Treasurer determines that excess

1 valuation assets shall be used to reduce normal contributions by the
2 State and local employers for the fiscal year beginning immediately
3 prior to the calendar year, or for the calendar year for local employers
4 whose fiscal year is the calendar year, and excess valuation assets
5 above the amount necessary to fund the reduction for that calendar
6 year in the member contribution rate plus an equal reduction in the
7 normal contribution shall be available for the further reduction of
8 normal contributions, subject to the limitations prescribed by this
9 subsection.

10 If there are excess valuation assets after reductions in normal
11 contributions and member contributions as authorized in the preceding
12 paragraphs for a valuation period beginning with the valuation period
13 ending June 30, 1999, an amount of excess valuation assets not to
14 exceed the amount of the member contributions for the fiscal year in
15 which the normal contributions are payable shall be credited to the
16 benefit enhancement fund. The amount of excess valuation assets
17 credited to the benefit enhancement fund shall not exceed the present
18 value of the expected additional normal contributions attributable to
19 the provisions of P.L.2001, c.133 payable on behalf of the active
20 members over the expected working lives of the active members in
21 accordance with the tables of actuarial assumptions for the valuation
22 period. No additional excess valuation assets shall be credited to the
23 benefit enhancement fund after the maximum amount is attained.
24 Interest shall be credited to the benefit enhancement fund as provided
25 under section 33 of P.L.1954, c.84 (C.43:15A-33).

26 The normal contribution for the increased benefits for active
27 employees under P.L.2001, c.133 shall be paid from the benefit
28 enhancement fund. If assets in the benefit enhancement fund are
29 insufficient to pay the normal contribution for the increased benefits
30 for a valuation period, the State shall pay the amount of normal
31 contribution for the increased benefits not covered by assets from the
32 benefit enhancement fund.

33 c. The retirement system shall certify annually the aggregate amount
34 payable to the contingent reserve fund in the ensuing year, which
35 amount shall be equal to the sum of the amounts described in this
36 section.

37 The State Treasurer shall reduce the normal and accrued liability
38 contributions payable by employers other than the State, excluding the
39 contribution payable from the benefit enhancement fund, to a
40 percentage of the amount certified annually by the retirement system,
41 which percentage shall be: for payments due in the State fiscal year
42 ending June 30, 2005, 20%; for payments due in the State fiscal year
43 ending June 30, 2006, not more than 40%; for payments due in the
44 State fiscal year ending June 30, 2007, not more than 60%; and for
45 payments due in the State fiscal year ending June 30, 2008, not more
46 than 80%.

1 The State shall pay into the contingent reserve fund during the
2 ensuing year the amount so determined. The death benefits, payable
3 as a result of contribution by the State under the provisions of this
4 chapter upon the death of an active or retired member, shall be paid
5 from the contingent reserve fund.

6 d. The disbursements for benefits not covered by reserves in the
7 system on account of veterans shall be met by direct contributions of
8 the State and other employers.

9 (cf: P.L.2001, c.133, s.9)

10
11 ¹2. Section 16 of P.L.1964, c.241 (C.43:16A-11.1) is amended to
12 read as follows:

13 16. a. Should a member resign after having established 25 years of
14 creditable service, he may elect "special retirement," provided, that
15 such election is communicated by such member to the retirement
16 system by filing a written application, duly attested, stating at what
17 time subsequent to the execution and filing thereof he desires to be
18 retired. He shall receive, in lieu of the payment provided in section 11,
19 a retirement allowance which shall consist of:

20 (1) An annuity which shall be the actuarial equivalent of his
21 aggregate contributions, and

22 (2) A pension in the amount which, when added to the member's
23 annuity, will provide a total retirement allowance of 65% of his final
24 compensation, plus 1% of his final compensation multiplied by the
25 number of years of creditable service over 25 but not over 30; or,
26 beginning in the fiscal year immediately following the adoption of the
27 valuation report by the retirement system board of trustees in which
28 the funded level is in excess of 104%, a pension in the amount which,
29 when added to the member's annuity, will provide a total retirement
30 allowance of 70% of final compensation, plus 1% of final
31 compensation multiplied by the number of years of creditable service
32 over 25 but not over 30; provided, however, that any member who has
33 earned, prior to July 1, 1979, more than 30 years of creditable service,
34 shall receive an additional 1% of his final compensation for each year
35 of his creditable service over 30.

36 The board of trustees shall retire him at the time specified or at such
37 other time within one month after the date so specified as the board
38 finds advisable.

39 Upon the receipt of proper proofs of the death of such a retired
40 member, there shall be paid to his beneficiary an amount equal to
41 one-half of the final compensation received by the member.

42 b. The "special retirement" allowance payable under subsection a.
43 of this section to any person who retired under the retirement system
44 prior to December 20, 1989 shall be increased by an amount equal to
45 5% of the person's final compensation or by such lesser amount as
46 would, if added to the allowance payable at the time of retirement,

1 provide a total retirement allowance of 70% of final compensation,
2 except that in the case of such a retirant who retired on or after July
3 1, 1979 and had earned prior to that date more than 30 years of
4 creditable service, the amount of the increase shall be equal to 5% of
5 the person's final compensation irrespective of the total retirement
6 allowance which such an increase would provide. The provisions of
7 this subsection shall not be construed either to require a reduction in
8 the retirement allowance payable to any retirant or to provide for the
9 payment of any adjustment in such an allowance with respect to any
10 period of time prior to the first day of the month following that
11 effective date.¹

12 (cf: P.L.2001, c.4, s.2)

13

14 ¹[2.] 3.¹ Section 15 of P.L.1944, c.255 (C.43:16A-15) is amended
15 to read as follows:

16 15. (1) The contributions required for the support of the retirement
17 system shall be made by members and their employers.

18 (2) The uniform percentage contribution rate for members shall be
19 8.5% of compensation.

20 (3) (Deleted by amendment, P.L.1989, c.204).

21 (4) Upon the basis of the tables recommended by the actuary which
22 the board adopts and regular interest, the actuary shall compute
23 annually, beginning as of June 30, 1991, the amount of contribution
24 which shall be the normal cost as computed under the projected unit
25 credit method attributable to service rendered under the retirement
26 system for the year beginning on July 1 immediately succeeding the
27 date of the computation. This shall be known as the "normal
28 contribution."

29 (5) (Deleted by amendment, P.L.1989, c.204).

30 (6) (Deleted by amendment, P.L.1994, c.62.)

31 (7) Each employer shall cause to be deducted from the salary of
32 each member the percentage of earnable compensation prescribed in
33 subsection (2) of this section. To facilitate the making of deductions,
34 the retirement system may modify the amount of deduction required
35 of any member by an amount not to exceed 1/10 of 1% of the
36 compensation upon which the deduction is based.

37 (8) The deductions provided for herein shall be made
38 notwithstanding that the minimum salary provided for by law for any
39 member shall be reduced thereby. Every member shall be deemed to
40 consent and agree to the deductions made and provided for herein, and
41 payment of salary or compensation less said deduction shall be a full
42 and complete discharge and acquittance of all claims and demands
43 whatsoever for the service rendered by such person during the period
44 covered by such payment, except as to the benefits provided under this
45 act. The chief fiscal officer of each employer shall certify to the
46 retirement system in such manner as the retirement system may

1 prescribe, the amounts deducted; and when deducted shall be paid into
2 said annuity savings fund, and shall be credited to the individual
3 account of the member from whose salary said deduction was made.

4 (9) With respect to employers other than the State, upon the basis
5 of the tables recommended by the actuary which the board adopts and
6 regular interest, the actuary shall compute the amount of the accrued
7 liability as of June 30, 1991 under the projected unit credit method,
8 which is not already covered by the assets of the retirement system,
9 valued in accordance with the asset valuation method established in
10 this section. Using the total amount of this unfunded accrued liability,
11 the actuary shall compute the initial amount of contribution which, if
12 the contribution is increased at a specific rate and paid annually for a
13 specific period of time, will amortize this liability. The State Treasurer
14 shall determine, upon the advice of the Director of the Division of
15 Pensions and Benefits, the board of trustees and the actuary, the rate
16 of increase for the contribution and the time period for full funding of
17 this liability, which shall not exceed 40 years on initial application of
18 this section as amended by this act, P.L.1994, c.62. This shall be
19 known as the "accrued liability contribution." Any increase or
20 decrease in the unfunded accrued liability as a result of actuarial losses
21 or gains for the 10 valuation years following valuation year 1991 shall
22 serve to increase or decrease, respectively, the unfunded accrued
23 liability contribution. Thereafter, any increase or decrease in the
24 unfunded accrued liability as a result of actuarial losses or gains for
25 subsequent valuation years shall serve to increase or decrease,
26 respectively, the amortization period for the unfunded accrued liability,
27 unless an increase in the amortization period will cause it to exceed 30
28 years. If an increase in the amortization period as a result of actuarial
29 losses for a valuation year would exceed 30 years, the accrued liability
30 contribution shall be computed for the valuation year in the same
31 manner provided for the computation of the initial accrued liability
32 contribution under this section.

33 With respect to the State, upon the basis of the tables recommended
34 by the actuary which the board adopts and regular interest, the actuary
35 shall annually determine if there is an amount of the accrued liability,
36 computed under the projected unit credit method, which is not already
37 covered by the assets of the retirement system, valued in accordance
38 with the asset valuation method established in this section. This shall
39 be known as the "unfunded accrued liability." If there was no
40 unfunded accrued liability for the valuation period immediately
41 preceding the current valuation period, the actuary, using the total
42 amount of this unfunded accrued liability, shall compute the initial
43 amount of contribution which, if the contribution is increased at a
44 specific rate and paid annually for a specific period of time, will
45 amortize this liability. The State Treasurer shall determine, upon the
46 advice of the Director of the Division of Pensions and Benefits, the

1 board of trustees and the actuary, the rate of increase for the
2 contribution and the time period for full funding of this liability, which
3 shall not exceed 30 years. This shall be known as the "accrued liability
4 contribution." Thereafter, any increase or decrease in the unfunded
5 accrued liability as a result of actuarial losses or gains for subsequent
6 valuation years shall serve to increase or decrease, respectively, the
7 amortization period for the unfunded accrued liability, unless an
8 increase in the amortization period will cause it to exceed 30 years.
9 If an increase in the amortization period as a result of actuarial losses
10 for a valuation year would exceed 30 years, the accrued liability
11 contribution shall be computed for the valuation year in the same
12 manner provided for the computation of the initial accrued liability
13 contribution under this section. The State may pay all or any portion
14 of its unfunded accrued liability under the retirement system from any
15 source of funds legally available for the purpose, including, without
16 limitation, the proceeds of bonds authorized by law for this purpose.

17 The value of the assets to be used in the computation of the
18 contributions provided for under this section for valuation periods
19 shall be the value of the assets for the preceding valuation period
20 increased by the regular interest rate, plus the net cash flow for the
21 valuation period (the difference between the benefits and expenses
22 paid by the system and the contributions to the system) increased by
23 one half of the regular interest rate, plus 20% of the difference
24 between this expected value and the full market value of the assets as
25 of the end of the valuation period. This shall be known as the
26 "valuation assets." Notwithstanding the first sentence of this
27 paragraph, the valuation assets for the valuation period ending June
28 30, 1995 shall be the full market value of the assets as of that date and,
29 with respect to the valuation assets allocated to the State, shall include
30 the proceeds from the bonds issued pursuant to the "Pension Bond
31 Financing Act of 1997," P.L.1997, c.114 (C.34:1B-7.45 et seq.), paid
32 to the system by the New Jersey Economic Development Authority to
33 fund the unfunded accrued liability of the system. Notwithstanding the
34 first sentence of this paragraph, the percentage of the difference
35 between the expected value and the full market value of the assets to
36 be added to the expected value of the assets for the valuation period
37 ending June 30, 1998 for the State shall be 100% and for other
38 employers shall be 57% plus such additional percentage as is
39 equivalent to \$150,000,000. Notwithstanding the first sentence of this
40 paragraph, the amount of the difference between the expected value
41 and the full market value of the assets to be added to the expected
42 value of the assets for the valuation period ending June 30, 1999 shall
43 include an additional amount of the market value of the assets
44 sufficient to fund (1) the unfunded accrued liability for the
45 supplementary "special retirement" allowances provided under
46 subsection b. of section 16 of P.L.1964, c.241 (C.43:16A-11.1) and

1 (2) the unfunded accrued liability for the full credit toward benefits
2 under the retirement system for service credited in the Public
3 Employees' Retirement System and transferred pursuant to section 1
4 of P.L.1993, c.247 (C.43:16A-3.8) and the reimbursement of the cost
5 of any credit purchase pursuant to section 3 of P.L.1993, c.247
6 (C.43:16A-3.10) provided under section 1 of P.L.2001, c.201
7 (C.43:16A-3.14).

8 "Excess valuation assets" means, with respect to the valuation assets
9 allocated to the State, the valuation assets allocated to the State for a
10 valuation period less the actuarial accrued liability of the State for the
11 valuation period, and beginning with the valuation period ending June
12 30, 1998, less the present value of the expected additional normal cost
13 contributions attributable to the provisions of P.L.1999, c.428
14 (C.43:16A-15.8 et al.) payable on behalf of the active members
15 employed by the State as of the valuation period over the expected
16 working lives of the active members in accordance with the tables of
17 actuarial assumptions applicable to the valuation period ¹, and less the
18 present value of the expected additional normal cost contributions
19 attributable to the provisions of P.L. , c. (now pending before the
20 Legislature as this bill) as amending section 16 of P.L.1964, c.241
21 (C.43:16A-11.1) payable on behalf of the active members employed by
22 the State as of the valuation period over the expected working lives of
23 the active members in accordance with the tables of actuarial
24 assumptions applicable to the valuation period¹, if the sum is greater
25 than zero. "Excess valuation assets" means, with respect to the
26 valuation assets allocated to other employers, the valuation assets
27 allocated to the other employers for a valuation period less the
28 actuarial accrued liability of the other employers for the valuation
29 period, excluding the unfunded accrued liability for early retirement
30 incentive benefits pursuant to P.L.1993, c.99 for the other employers,
31 and beginning with the valuation period ending June 30, 1998, less the
32 present value of the expected additional normal cost contributions
33 attributable to the provisions of P.L.1999, c.428 (C.43:16A-15.8 et
34 al.) payable on behalf of the active members employed by other
35 employers as of the valuation period over the expected working lives
36 of the active members in accordance with the tables of actuarial
37 assumptions applicable to the valuation period ¹, and less the present
38 value of the expected additional normal cost contributions attributable
39 to the provisions of P.L. , c. (now pending before the Legislature
40 as this bill) as amending section 16 of P.L.1964, c.241 (C.43:16A-
41 11.1) payable on behalf of the active members employed by other
42 employers as of the valuation period over the expected working lives
43 of the active members in accordance with the tables of actuarial
44 assumptions applicable to the valuation period¹, if the sum is greater
45 than zero.

46 If there are excess valuation assets allocated to the State or to the

1 other employers for the valuation period ending June 30, 1995, the
2 normal contributions payable by the State or by the other employers
3 for the valuation periods ending June 30, 1995, and June 30, 1996
4 which have not yet been paid to the retirement system shall be reduced
5 to the extent possible by the excess valuation assets allocated to the
6 State or to the other employers, respectively, provided that with
7 respect to the excess valuation assets allocated to the State, the
8 General Fund balances that would have been paid to the retirement
9 system except for this provision shall first be allocated as State aid to
10 public schools to the extent that additional sums are required to
11 comply with the May 14, 1997 decision of the New Jersey Supreme
12 Court in *Abbott v. Burke*.

13 If there are excess valuation assets allocated to the other employers
14 for the valuation period ending June 30, 1998, the accrued liability
15 contributions payable by the other employers for the valuation period
16 ending June 30, 1997 shall be reduced to the extent possible by the
17 excess valuation assets allocated to the other employers.

18 If there are excess valuation assets allocated to the State or to the
19 other employers for a valuation period ending after June 30, 1998, the
20 State Treasurer may reduce the normal contribution payable by the
21 State or by other employers for the next valuation period as follows:

22 (1) for valuation periods ending June 30, 1996 through June 30,
23 2000, to the extent possible by up to 100% of the excess valuation
24 assets allocated to the State or to the other employers, respectively;

25 (2) for the valuation period ending June 30, 2001, to the extent
26 possible by up to 84% of the excess valuation assets allocated to the
27 State or to the other employers, respectively;

28 (3) for the valuation period ending June 30, 2002, to the extent
29 possible by up to 68% of the excess valuation assets allocated to the
30 State or to the other employers, respectively; and

31 (4) for valuation periods ending on or after June 30, 2003, to the
32 extent possible by up to 50% of the excess valuation assets allocated
33 to the State or to the other employers, respectively.

34 Notwithstanding the discretion provided to the State Treasurer in the
35 previous paragraph to reduce the amount of the normal contribution
36 payable by employers other than the State, the State Treasurer shall
37 reduce the amount of the normal contribution payable by employers
38 other than the State by \$150,000,000 in the aggregate for the
39 valuation period ending June 30, 1998, and then the State Treasurer
40 may reduce further pursuant to the provisions of the previous
41 paragraph the normal contribution payable by such employers for that
42 valuation period.

43 ¹As of the valuation report in which the funded level is in excess of
44 104%, an amount equal to the present value of the future normal
45 contributions for the benefits provided by P.L. , c. (now pending
46 before the Legislature as this bill) as amending section 16 of P.L.1964,

1 c.241 (C.43:16A-11.1), shall be credited to the benefit enhancement
2 fund. If there are excess valuation assets after reductions in normal
3 contributions as authorized in the preceding paragraphs, for a
4 valuation period beginning with the valuation period in which the
5 benefits provided by section 16 of P.L.1964, c.241 (C.43:16A-11.1),
6 as amended by P.L. , c. (now pending before the Legislature as
7 this bill) apply, an amount of excess valuation assets not to exceed the
8 amount of the member contributions for the fiscal year in which the
9 normal contributions are payable shall be credited to the benefit
10 enhancement fund. The amount of excess valuation assets credited to
11 the benefit enhancement fund shall not exceed the present value of the
12 expected additional normal and accrued liability contributions
13 attributable to the provisions of section 16 of P.L.1964, c.241
14 (C.43:16A-11.1), as amended by P.L. , c. (now pending before the
15 Legislature as this bill), payable on behalf of the active members over
16 the expected working lives of the active members in accordance with
17 the tables of actuarial assumptions for the valuation period. No
18 additional excess valuation assets shall be credited to the benefit
19 enhancement fund after the maximum amount is attained. Interest
20 shall be credited to the benefit enhancement fund.

21 The normal and accrued liability contributions for the increased
22 benefits for active employees under section 16 of P.L.1964, c.241
23 (C.43:16A-11.1), as amended by P.L. , c. (now pending before the
24 Legislature as this bill), shall be paid from the benefit enhancement
25 fund. If assets in the benefit enhancement fund are insufficient to pay
26 the normal and accrued liability contributions for the increased benefits
27 for a valuation period, the retirement system shall pay the amount of
28 normal and accrued liability contributions for the increased benefits
29 not covered by assets from the benefit enhancement fund.¹

30 The normal and accrued liability contributions shall be certified
31 annually by the retirement system and shall be included in the budget
32 of the employer and levied and collected in the same manner as any
33 other taxes are levied and collected for the payment of the salaries of
34 members.

35 Notwithstanding the preceding sentence, the normal and accrued
36 liability contributions to be included in the budget of and paid by the
37 employer other than the State shall be as follows: for the payment due
38 in the State fiscal year ending on June 30, 2004, 20% of the amount
39 certified by the retirement system; for the payment due in the State
40 fiscal year ending on June 30, 2005, a percentage of the amount
41 certified by the retirement system as the State Treasurer shall
42 determine but not more than 40%; for the payment due in the State
43 fiscal year ending on June 30, 2006, a percentage of the amount
44 certified by the retirement system as the State Treasurer shall
45 determine but not more than 60%; and for the payment due in the
46 State fiscal year ending on June 30, 2007, a percentage of the amount

1 certified by the retirement system as the State Treasurer shall
2 determine but not more than 80%.

3 (10) The treasurer or corresponding officer of the employer shall
4 pay to the State Treasurer no later than April 1 of the State's fiscal
5 year in which payment is due the amount so certified as payable by the
6 employer, and shall pay monthly to the State Treasurer the amount of
7 the deductions from the salary of the members in the employ of the
8 employer, and the State Treasurer shall credit such amount to the
9 appropriate fund or funds, of the retirement system.

10 If payment of the full amount of the employer's obligation is not
11 made within 30 days of the due date established by this act, interest at
12 the rate of 10% per annum shall commence to run against the unpaid
13 balance thereof on the first day after such 30th day.

14 If payment in full, representing the monthly transmittal and report of
15 salary deductions, is not made within 15 days of the due date
16 established by the retirement system, interest at the rate of 10% per
17 annum shall commence to run against the total transmittal of salary
18 deductions for the period on the first day after such 15th day.

19 (11) The expenses of administration of the retirement system shall
20 be paid by the State of New Jersey. Each employer shall reimburse the
21 State for a proportionate share of the amount paid by the State for
22 administrative expense. This proportion shall be computed as the
23 number of members under the jurisdiction of such employer bears to
24 the total number of members in the system. The pro rata share of the
25 cost of administrative expense shall be included with the certification
26 by the retirement system of the employer's contribution to the system.

27 (12) Notwithstanding anything to the contrary, the retirement
28 system shall not be liable for the payment of any pension or other
29 benefits on account of the employees or beneficiaries of any employer
30 participating in the retirement system, for which reserves have not
31 been previously created from funds, contributed by such employer or
32 its employees for such benefits.

33 (13) (Deleted by amendment, P.L.1992, c.125.)

34 (14) Commencing with valuation year 1991, with payment to be
35 made in Fiscal Year 1994, the Legislature shall annually appropriate
36 and the State Treasurer shall pay into the pension accumulation fund
37 of the retirement system an amount equal to 1.1% of the compensation
38 of the members of the system for the valuation year to fund the
39 benefits provided by section 16 of P.L.1964, c.241 (C.43:16A-11.1),
40 as amended by P.L.1979, c.109.

41 (15) If the valuation assets are insufficient to fund the normal and
42 accrued liability costs attributable to P.L.1999, c.428 (C.43:16A-15.8
43 et al.) as provided hereinabove, the normal and unfunded accrued
44 liability contributions required to fund these costs for the State and
45 other employers shall be paid by the State.

46 (16) The savings realized as a result of the amendments to this

1 section by P.L.2001, c.44 in the payment of normal contributions
2 computed by the actuary for the valuation periods ending June 30,
3 1998 for employers other than the State shall be used solely and
4 exclusively by a county or municipality for the purpose of reducing the
5 amount that is required to be raised by the local property tax levy by
6 the county for county purposes or by the municipality for municipal
7 purposes, as appropriate. The Director of the Division of Local
8 Government Services in the Department of Community Affairs shall
9 certify for each year that each county or municipality has complied
10 with the requirements set forth herein. If the director finds that a
11 county or municipality has not used the savings solely and exclusively
12 for the purpose of reducing the amount that is required to be raised by
13 the local property tax levy by the county for county purposes or by the
14 municipality for municipal purposes, as appropriate, the director shall
15 direct the county or municipal governing body, as appropriate, to
16 make corrections to its budget.

17 (cf: P.L.2001, c.201, s.2)

18

19 ¹⁴. Section 16 of P.L.1944, c.255 (C.43:16A-16) is amended to
20 read as follows:

21 16. (1) All the assets of the retirement system shall be credited
22 according to the purpose for which they are held to one of ~~four~~ five
23 funds, namely, the annuity savings fund, the pension accumulation
24 fund, the retirement reserve fund, ~~and~~ the special reserve fund and
25 the benefit enhancement fund.

26 (2) The annuity savings fund shall be a fund in which shall be
27 credited accumulated contributions by members or on their behalf to
28 provide for their allowances. The aggregate contributions of a
29 member withdrawn by him or paid to his estate or his designated
30 beneficiary in event of his death as provided in this act shall be paid
31 from the annuity savings fund. Upon the retirement of a member
32 where the aggregate contributions of the member are to be provided
33 in the form of an annuity, the aggregate contributions of the member
34 shall be transferred from the annuity savings fund to the retirement
35 reserve fund.

36 (3) The pension accumulation fund shall be the fund in which shall
37 be credited contributions made by employers. Upon the death of a
38 member either before or after retirement any lump sum benefit payable
39 shall be charged to the pension accumulation fund. Upon the
40 retirement or death of a member the reserve of any pension payable to
41 or on his account shall be transferred to the retirement reserve fund.
42 The retirement system at the end of each fiscal year shall allow
43 interest on the balance of the retirement reserve fund as of the
44 beginning of said fiscal year at the regular interest rate applicable
45 thereto to cover the interest creditable for the year. The amount so
46 allowed shall be due and payable and shall be credited annually. All

1 other income received on the securities, funds and investments of the
 2 retirement system shall be credited to the pension accumulation fund,
 3 except as provided by subsection (5) of this section. The retirement
 4 system, upon the advice of the actuary, shall transfer to and from the
 5 pension accumulation fund any surplus or deficit in the retirement
 6 reserve fund.

7 (4) The retirement reserve fund shall be the fund from which all
 8 retirement allowances and benefits in lieu thereof shall be paid. If the
 9 retirement allowance of a member who has been retired is
 10 subsequently canceled, the appropriate reserve shall be transferred to
 11 the pension accumulation fund and the annuity savings fund.

12 (5) The special reserve fund shall be the fund to which any earnings
 13 in excess of the amounts annually allowed under the provisions of
 14 subsection (3) of this section shall be transferred. No additional
 15 amounts shall be credited to the special reserve fund at any time when
 16 the total accumulations in such fund equal 1% of the book value of the
 17 investments of the retirement system. In this event, any such excess
 18 shall be credited to the pension accumulation fund. All losses from the
 19 sale of securities shall be charged against the special reserve fund. The
 20 special reserve fund shall be considered for valuation purposes by the
 21 actuary as an asset of the retirement system.¹

22 (cf: P.L.1971, c.175, s.9)

23

24 ¹5. (New section) In addition to the exceptions to the limits on
 25 increases to municipal appropriations set forth in section 3 of
 26 P.L.1976, c.68 (C.40A:4-45.3) and to the county tax levy set forth in
 27 section 4 of P.L.1976, c.68 (C.40A:4-45.4), appropriations that
 28 represent expenditures made by a municipality or county for the
 29 purpose of funding normal and accrued liability contributions to the
 30 Public Employees' Retirement System of New Jersey due in the State
 31 fiscal years 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09, or to
 32 the Police and Firemen's Retirement System due in the State fiscal
 33 years 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08, shall be
 34 exempt from the limits on increases to municipal appropriations and to
 35 the limits on increases to the county tax levy in county budgets,
 36 respectively, for the local budget year in which those contributions are
 37 due.¹

38

39 ¹[3.] 6.¹ This act shall take effect immediately.

40

41

42

43 Adjusts local employers' contributions to PERS and PFRS over five
 44 years; provides exemption from municipal and county "cap" limitation;
 45 creates fund for certain excess assets to enhance PFRS special
 46 retirement.

ASSEMBLY, No. 3703

STATE OF NEW JERSEY 210th LEGISLATURE

INTRODUCED JUNE 12, 2003

Sponsored by:

Assemblyman ALBIO SIRES

District 33 (Hudson)

Assemblyman JOSEPH CRYAN

District 20 (Union)

Assemblyman NEIL M. COHEN

District 20 (Union)

SYNOPSIS

Phases in local employers' payments to PERS and PFRS over five years.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/13/2003)

A3703 SIRES, CRYAN

2

1 AN ACT concerning the funding of the Public Employees' Retirement
2 System of New Jersey and the Police and Firemen's Retirement
3 System and amending P.L.1954, c.84 and P.L.1944, c.255.

4

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

7

8 1. Section 24 of P.L.1954, c.84 (C.43:15A-24) is amended to read
9 as follows:

10 24. The contingent reserve fund shall be the fund in which shall be
11 credited contributions made by the State and other employers.

12 a. Upon the basis of the tables recommended by the actuary which
13 the board adopts and regular interest, the actuary shall compute
14 annually, beginning as of March 31, 1992, the amount of contribution
15 which shall be the normal cost as computed under the projected unit
16 credit method attributable to service rendered under the retirement
17 system for the year beginning on July 1 immediately succeeding the
18 date of the computation. This shall be known as the "normal
19 contribution."

20 b. With respect to employers other than the State, upon the basis
21 of the tables recommended by the actuary which the board adopts and
22 regular interest, the actuary shall compute the amount of the accrued
23 liability of the retirement system as of March 31, 1992 under the
24 projected unit credit method, excluding the liability for pension
25 adjustment benefits for active employees funded pursuant to section
26 2 of P.L.1990, c.6 (C.43:15A-24.1), which is not already covered by
27 the assets of the retirement system, valued in accordance with the asset
28 valuation method established in this section. Using the total amount of
29 this unfunded accrued liability, the actuary shall compute the initial
30 amount of contribution which, if the contribution is increased at a
31 specific rate and paid annually for a specific period of time, will
32 amortize this liability. The State Treasurer shall determine, upon the
33 advice of the Director of the Division of Pensions and Benefits, the
34 board of trustees and the actuary, the rate of increase for the
35 contribution and the time period for full funding of this liability, which
36 shall not exceed 40 years on initial application of this section as
37 amended by this act, P.L.1994, c.62. This shall be known as the
38 "accrued liability contribution." Any increase or decrease in the
39 unfunded accrued liability as a result of actuarial losses or gains for the
40 10 valuation years following valuation year 1992 shall serve to
41 increase or decrease, respectively, the unfunded accrued liability
42 contribution. Thereafter, any increase or decrease in the unfunded
43 accrued liability as a result of actuarial losses or gains for subsequent

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

Matter underlined thus is new matter.

1 valuation years shall serve to increase or decrease, respectively, the
2 amortization period for the unfunded accrued liability, unless an
3 increase in the amortization period will cause it to exceed 30 years.
4 If an increase in the amortization period as a result of actuarial losses
5 for a valuation year would exceed 30 years, the accrued liability
6 contribution shall be computed for the valuation year in the same
7 manner provided for the computation of the initial accrued liability
8 contribution under this section.

9 With respect to the State, upon the basis of the tables recommended
10 by the actuary which the commission adopts and regular interest, the
11 actuary shall annually determine if there is an amount of the accrued
12 liability of the retirement system, computed under the projected unit
13 credit method, which is not already covered by the assets of the
14 retirement system, valued in accordance with the asset valuation
15 method established in this section. This shall be known as the
16 "unfunded accrued liability." If there was no unfunded accrued
17 liability for the valuation period immediately preceding the current
18 valuation period, the actuary, using the total amount of this unfunded
19 accrued liability, shall compute the initial amount of contribution
20 which, if the contribution is increased at a specific rate and paid
21 annually for a specific period of time, will amortize this liability. The
22 State Treasurer shall determine, upon the advice of the Director of the
23 Division of Pensions and Benefits, the commission and the actuary, the
24 rate of increase for the contribution and the time period for full
25 funding of this liability, which shall not exceed 30 years. This shall be
26 known as the "accrued liability contribution." Thereafter, any increase
27 or decrease in the unfunded accrued liability as a result of actuarial
28 losses or gains for subsequent valuation years shall serve to increase
29 or decrease, respectively, the amortization period for the unfunded
30 accrued liability, unless an increase in the amortization period will
31 cause it to exceed 30 years. If an increase in the amortization period
32 as a result of actuarial losses for a valuation year would exceed 30
33 years, the accrued liability contribution shall be computed for the
34 valuation year in the same manner provided for the computation of the
35 initial accrued liability contribution under this section. The State may
36 pay all or any portion of its unfunded accrued liability under the
37 retirement system from any source of funds legally available for the
38 purpose, including, without limitation, the proceeds of bonds
39 authorized by law for this purpose.

40 The value of the assets to be used in the computation of the
41 contributions provided for under this section for valuation periods
42 shall be the value of the assets for the preceding valuation period
43 increased by the regular interest rate, plus the net cash flow for the
44 valuation period (the difference between the benefits and expenses
45 paid by the system and the contributions to the system) increased by
46 one half of the regular interest rate, plus 20% of the difference

1 between this expected value and the full market value of the assets as
2 of the end of the valuation period. This shall be known as the
3 "valuation assets." Notwithstanding the first sentence of this
4 paragraph, the valuation assets for the valuation period ending March
5 31, 1996 shall be the full market value of the assets as of that date and,
6 with respect to the valuation assets allocated to the State, shall include
7 the proceeds from the bonds issued pursuant to the "Pension Bond
8 Financing Act of 1997," P.L.1997, c.114 (C.34:1B-7.45 et seq.), paid
9 to the system by the New Jersey Economic Development Authority to
10 fund the unfunded accrued liability of the system. Notwithstanding the
11 first sentence of this paragraph, the valuation assets for the valuation
12 period ending June 30, 1999 shall be the full market value of the assets
13 as of that date.

14 "Excess valuation assets" for a valuation period means, with respect
15 to the valuation assets allocated to the State:

16 (1) the valuation assets allocated to the State; less

17 (2) the actuarial accrued liability of the State for basic benefits and
18 pension adjustment benefits under the retirement system; less

19 (3) the contributory group insurance premium fund, created by
20 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section 4
21 of P.L.1960, c.79; less

22 (4) the post retirement medical premium fund, created pursuant to
23 section 2 of P.L.1990, c.6 (C.43:15A-24.1), as amended by section 8
24 of P.L.1994, c.62; less

25 (5) the present value of the projected total normal cost for pension
26 adjustment benefits in excess of the projected total phased-in normal
27 cost for pension adjustment benefits for the State authorized by
28 section 2 of P.L.1990, c.6 (C.43:15A-24.1) over the full phase-in
29 period, determined in the manner prescribed for the determination and
30 amortization of the unfunded accrued liability of the system, if the sum
31 of the foregoing items is greater than zero.

32 "Excess valuation assets" for a valuation period means, with respect
33 to the valuation assets allocated to other employers:

34 (1) the valuation assets allocated to the other employers; less

35 (2) the actuarial accrued liability of the other employers for basic
36 benefits and pension adjustment benefits under the retirement system,
37 excluding the unfunded accrued liability for early retirement incentive
38 benefits pursuant to P.L.1991, c.229, P.L.1991, c.230, P.L.1993,
39 c.138, and P.L.1993, c.181, for employers other than the State; less

40 (3) the contributory group insurance premium fund, created by
41 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section 4
42 of P.L.1960, c.79; less

43 (4) the present value of the projected total normal cost for pension
44 adjustment benefits in excess of the projected total phased-in normal
45 cost for pension adjustment benefits for the other employers
46 authorized by section 2 of P.L.1990, c.6 (C.43:15A-24.1) over the full

1 phase-in period, determined in the manner prescribed for the
2 determination and amortization of the unfunded accrued liability of the
3 system, if the sum of the foregoing items is greater than zero.

4 If there are excess valuation assets allocated to the State or to the
5 other employers for the valuation period ending March 31, 1996, the
6 normal contributions payable by the State or by the other employers
7 for the valuation periods ending March 31, 1996 and March 31, 1997
8 which have not yet been paid to the retirement system shall be reduced
9 to the extent possible by the excess valuation assets allocated to the
10 State or to the other employers, respectively, provided that with
11 respect to the excess valuation assets allocated to the State, the
12 General Fund balances that would have been paid to the retirement
13 system except for this provision shall first be allocated as State aid to
14 public schools to the extent that additional sums are required to
15 comply with the May 14, 1997 decision of the New Jersey Supreme
16 Court in *Abbott v. Burke*. If there are excess valuation assets
17 allocated to the State or to the other employers for a valuation period
18 ending after March 31, 1996, the State Treasurer may reduce the
19 normal contribution payable by the State or by the other employers for
20 the next valuation period as follows:

21 (1) for valuation periods ending March 31, 1997 through March 31,
22 2001, to the extent possible by up to 100% of the excess valuation
23 assets allocated to the State or to the other employers, respectively;

24 (2) for the valuation period ending March 31, 2002, to the extent
25 possible by up to 84% of the excess valuation assets allocated to the
26 State or to the other employers, respectively;

27 (3) for the valuation period ending March 31, 2003, to the extent
28 possible by up to 68% of the excess valuation assets allocated to the
29 State or to the other employers, respectively; and

30 (4) for valuation periods ending on or after March 31, 2004, to the
31 extent possible by up to 50% of the excess valuation assets allocated
32 to the State or to the other employers, respectively.

33 For calendar years 1998 and 1999, the rate of contribution of
34 members of the retirement system under section 25 of P.L.1954, c.84
35 (C.43:15A-25) shall be reduced by 1/2 of 1% from excess valuation
36 assets and for calendar years 2000 and 2001, the rate of contribution
37 shall be reduced by 2% from excess valuation assets. Thereafter, the
38 rate of contribution of members of the retirement system under that
39 section for a calendar year shall be reduced equally with normal
40 contributions to the extent possible, but not by more than 2%, from
41 excess valuation assets if the State Treasurer determines that excess
42 valuation assets shall be used to reduce normal contributions by the
43 State and local employers for the fiscal year beginning immediately
44 prior to the calendar year, or for the calendar year for local employers
45 whose fiscal year is the calendar year, and excess valuation assets
46 above the amount necessary to fund the reduction for that calendar

1 year in the member contribution rate plus an equal reduction in the
2 normal contribution shall be available for the further reduction of
3 normal contributions, subject to the limitations prescribed by this
4 subsection.

5 If there are excess valuation assets after reductions in normal
6 contributions and member contributions as authorized in the preceding
7 paragraphs for a valuation period beginning with the valuation period
8 ending June 30, 1999, an amount of excess valuation assets not to
9 exceed the amount of the member contributions for the fiscal year in
10 which the normal contributions are payable shall be credited to the
11 benefit enhancement fund. The amount of excess valuation assets
12 credited to the benefit enhancement fund shall not exceed the present
13 value of the expected additional normal contributions attributable to
14 the provisions of P.L.2001, c.133 payable on behalf of the active
15 members over the expected working lives of the active members in
16 accordance with the tables of actuarial assumptions for the valuation
17 period. No additional excess valuation assets shall be credited to the
18 benefit enhancement fund after the maximum amount is attained.
19 Interest shall be credited to the benefit enhancement fund as provided
20 under section 33 of P.L.1954, c.84 (C.43:15A-33).

21 The normal contribution for the increased benefits for active
22 employees under P.L.2001, c.133 shall be paid from the benefit
23 enhancement fund. If assets in the benefit enhancement fund are
24 insufficient to pay the normal contribution for the increased benefits
25 for a valuation period, the State shall pay the amount of normal
26 contribution for the increased benefits not covered by assets from the
27 benefit enhancement fund.

28 c. The retirement system shall certify annually the aggregate amount
29 payable to the contingent reserve fund in the ensuing year, which
30 amount shall be equal to the sum of the amounts described in this
31 section.

32 The State Treasurer shall reduce the normal and accrued liability
33 contributions payable by employers other than the State, excluding the
34 contribution payable from the benefit enhancement fund, to a
35 percentage of the amount certified annually by the retirement system,
36 which percentage shall be: for payments due in the State fiscal year
37 ending June 30, 2005, 20%; for payments due in the State fiscal year
38 ending June 30, 2006, not more than 40%; for payments due in the
39 State fiscal year ending June 30, 2007, not more than 60%; and for
40 payments due in the State fiscal year ending June 30, 2008, not more
41 than 80%.

42 The State shall pay into the contingent reserve fund during the
43 ensuing year the amount so determined. The death benefits, payable
44 as a result of contribution by the State under the provisions of this
45 chapter upon the death of an active or retired member, shall be paid
46 from the contingent reserve fund.

1 d. The disbursements for benefits not covered by reserves in the
2 system on account of veterans shall be met by direct contributions of
3 the State and other employers.

4 (cf: P.L.2001, c.133, s.9)

5
6 2. Section 15 of P.L.1944, c.255 (C.43:16A-15) is amended to read
7 as follows:

8 15. (1) The contributions required for the support of the retirement
9 system shall be made by members and their employers.

10 (2) The uniform percentage contribution rate for members shall be
11 8.5% of compensation.

12 (3) (Deleted by amendment, P.L.1989, c.204).

13 (4) Upon the basis of the tables recommended by the actuary which
14 the board adopts and regular interest, the actuary shall compute
15 annually, beginning as of June 30, 1991, the amount of contribution
16 which shall be the normal cost as computed under the projected unit
17 credit method attributable to service rendered under the retirement
18 system for the year beginning on July 1 immediately succeeding the
19 date of the computation. This shall be known as the "normal
20 contribution."

21 (5) (Deleted by amendment, P.L.1989, c.204).

22 (6) (Deleted by amendment, P.L.1994, c.62.)

23 (7) Each employer shall cause to be deducted from the salary of
24 each member the percentage of earnable compensation prescribed in
25 subsection (2) of this section. To facilitate the making of deductions,
26 the retirement system may modify the amount of deduction required
27 of any member by an amount not to exceed 1/10 of 1% of the
28 compensation upon which the deduction is based.

29 (8) The deductions provided for herein shall be made
30 notwithstanding that the minimum salary provided for by law for any
31 member shall be reduced thereby. Every member shall be deemed to
32 consent and agree to the deductions made and provided for herein, and
33 payment of salary or compensation less said deduction shall be a full
34 and complete discharge and acquittance of all claims and demands
35 whatsoever for the service rendered by such person during the period
36 covered by such payment, except as to the benefits provided under this
37 act. The chief fiscal officer of each employer shall certify to the
38 retirement system in such manner as the retirement system may
39 prescribe, the amounts deducted; and when deducted shall be paid into
40 said annuity savings fund, and shall be credited to the individual
41 account of the member from whose salary said deduction was made.

42 (9) With respect to employers other than the State, upon the basis
43 of the tables recommended by the actuary which the board adopts and
44 regular interest, the actuary shall compute the amount of the accrued
45 liability as of June 30, 1991 under the projected unit credit method,
46 which is not already covered by the assets of the retirement system,

1 valued in accordance with the asset valuation method established in
2 this section. Using the total amount of this unfunded accrued liability,
3 the actuary shall compute the initial amount of contribution which, if
4 the contribution is increased at a specific rate and paid annually for a
5 specific period of time, will amortize this liability. The State Treasurer
6 shall determine, upon the advice of the Director of the Division of
7 Pensions and Benefits, the board of trustees and the actuary, the rate
8 of increase for the contribution and the time period for full funding of
9 this liability, which shall not exceed 40 years on initial application of
10 this section as amended by this act, P.L.1994, c.62. This shall be
11 known as the "accrued liability contribution." Any increase or
12 decrease in the unfunded accrued liability as a result of actuarial losses
13 or gains for the 10 valuation years following valuation year 1991 shall
14 serve to increase or decrease, respectively, the unfunded accrued
15 liability contribution. Thereafter, any increase or decrease in the
16 unfunded accrued liability as a result of actuarial losses or gains for
17 subsequent valuation years shall serve to increase or decrease,
18 respectively, the amortization period for the unfunded accrued liability,
19 unless an increase in the amortization period will cause it to exceed 30
20 years. If an increase in the amortization period as a result of actuarial
21 losses for a valuation year would exceed 30 years, the accrued liability
22 contribution shall be computed for the valuation year in the same
23 manner provided for the computation of the initial accrued liability
24 contribution under this section.

25 With respect to the State, upon the basis of the tables recommended
26 by the actuary which the board adopts and regular interest, the actuary
27 shall annually determine if there is an amount of the accrued liability,
28 computed under the projected unit credit method, which is not already
29 covered by the assets of the retirement system, valued in accordance
30 with the asset valuation method established in this section. This shall
31 be known as the "unfunded accrued liability." If there was no
32 unfunded accrued liability for the valuation period immediately
33 preceding the current valuation period, the actuary, using the total
34 amount of this unfunded accrued liability, shall compute the initial
35 amount of contribution which, if the contribution is increased at a
36 specific rate and paid annually for a specific period of time, will
37 amortize this liability. The State Treasurer shall determine, upon the
38 advice of the Director of the Division of Pensions and Benefits, the
39 board of trustees and the actuary, the rate of increase for the
40 contribution and the time period for full funding of this liability, which
41 shall not exceed 30 years. This shall be known as the "accrued liability
42 contribution." Thereafter, any increase or decrease in the unfunded
43 accrued liability as a result of actuarial losses or gains for subsequent
44 valuation years shall serve to increase or decrease, respectively, the
45 amortization period for the unfunded accrued liability, unless an
46 increase in the amortization period will cause it to exceed 30 years.

1 If an increase in the amortization period as a result of actuarial losses
2 for a valuation year would exceed 30 years, the accrued liability
3 contribution shall be computed for the valuation year in the same
4 manner provided for the computation of the initial accrued liability
5 contribution under this section. The State may pay all or any portion
6 of its unfunded accrued liability under the retirement system from any
7 source of funds legally available for the purpose, including, without
8 limitation, the proceeds of bonds authorized by law for this purpose.

9 The value of the assets to be used in the computation of the
10 contributions provided for under this section for valuation periods
11 shall be the value of the assets for the preceding valuation period
12 increased by the regular interest rate, plus the net cash flow for the
13 valuation period (the difference between the benefits and expenses
14 paid by the system and the contributions to the system) increased by
15 one half of the regular interest rate, plus 20% of the difference
16 between this expected value and the full market value of the assets as
17 of the end of the valuation period. This shall be known as the
18 "valuation assets." Notwithstanding the first sentence of this
19 paragraph, the valuation assets for the valuation period ending June
20 30, 1995 shall be the full market value of the assets as of that date and,
21 with respect to the valuation assets allocated to the State, shall include
22 the proceeds from the bonds issued pursuant to the "Pension Bond
23 Financing Act of 1997," P.L.1997, c.114 (C.34:1B-7.45 et seq.), paid
24 to the system by the New Jersey Economic Development Authority to
25 fund the unfunded accrued liability of the system. Notwithstanding the
26 first sentence of this paragraph, the percentage of the difference
27 between the expected value and the full market value of the assets to
28 be added to the expected value of the assets for the valuation period
29 ending June 30, 1998 for the State shall be 100% and for other
30 employers shall be 57% plus such additional percentage as is
31 equivalent to \$150,000,000. Notwithstanding the first sentence of this
32 paragraph, the amount of the difference between the expected value
33 and the full market value of the assets to be added to the expected
34 value of the assets for the valuation period ending June 30, 1999 shall
35 include an additional amount of the market value of the assets
36 sufficient to fund (1) the unfunded accrued liability for the
37 supplementary "special retirement" allowances provided under
38 subsection b. of section 16 of P.L.1964, c.241 (C.43:16A-11.1) and
39 (2) the unfunded accrued liability for the full credit toward benefits
40 under the retirement system for service credited in the Public
41 Employees' Retirement System and transferred pursuant to section 1
42 of P.L.1993, c.247 (C.43:16A-3.8) and the reimbursement of the cost
43 of any credit purchase pursuant to section 3 of P.L.1993, c.247
44 (C.43:16A-3.10) provided under section 1 of P.L.2001, c.201
45 (C.43:16A-3.14).

46 "Excess valuation assets" means, with respect to the valuation assets

1 allocated to the State, the valuation assets allocated to the State for a
2 valuation period less the actuarial accrued liability of the State for the
3 valuation period, and beginning with the valuation period ending June
4 30, 1998, less the present value of the expected additional normal cost
5 contributions attributable to the provisions of P.L.1999, c.428
6 (C.43:16A-15.8 et al.) payable on behalf of the active members
7 employed by the State as of the valuation period over the expected
8 working lives of the active members in accordance with the tables of
9 actuarial assumptions applicable to the valuation period, if the sum is
10 greater than zero. "Excess valuation assets" means, with respect to
11 the valuation assets allocated to other employers, the valuation assets
12 allocated to the other employers for a valuation period less the
13 actuarial accrued liability of the other employers for the valuation
14 period, excluding the unfunded accrued liability for early retirement
15 incentive benefits pursuant to P.L.1993, c.99 for the other employers,
16 and beginning with the valuation period ending June 30, 1998, less the
17 present value of the expected additional normal cost contributions
18 attributable to the provisions of P.L.1999, c.428 (C.43:16A-15.8 et
19 al.) payable on behalf of the active members employed by other
20 employers as of the valuation period over the expected working lives
21 of the active members in accordance with the tables of actuarial
22 assumptions applicable to the valuation period, if the sum is greater
23 than zero.

24 If there are excess valuation assets allocated to the State or to the
25 other employers for the valuation period ending June 30, 1995, the
26 normal contributions payable by the State or by the other employers
27 for the valuation periods ending June 30, 1995, and June 30, 1996
28 which have not yet been paid to the retirement system shall be reduced
29 to the extent possible by the excess valuation assets allocated to the
30 State or to the other employers, respectively, provided that with
31 respect to the excess valuation assets allocated to the State, the
32 General Fund balances that would have been paid to the retirement
33 system except for this provision shall first be allocated as State aid to
34 public schools to the extent that additional sums are required to
35 comply with the May 14, 1997 decision of the New Jersey Supreme
36 Court in *Abbott v. Burke*.

37 If there are excess valuation assets allocated to the other employers
38 for the valuation period ending June 30, 1998, the accrued liability
39 contributions payable by the other employers for the valuation period
40 ending June 30, 1997 shall be reduced to the extent possible by the
41 excess valuation assets allocated to the other employers.

42 If there are excess valuation assets allocated to the State or to the
43 other employers for a valuation period ending after June 30, 1998, the
44 State Treasurer may reduce the normal contribution payable by the
45 State or by other employers for the next valuation period as follows:

46 (1) for valuation periods ending June 30, 1996 through June 30,

1 2000, to the extent possible by up to 100% of the excess valuation
2 assets allocated to the State or to the other employers, respectively;
3 (2) for the valuation period ending June 30, 2001, to the extent
4 possible by up to 84% of the excess valuation assets allocated to the
5 State or to the other employers, respectively;
6 (3) for the valuation period ending June 30, 2002, to the extent
7 possible by up to 68% of the excess valuation assets allocated to the
8 State or to the other employers, respectively; and
9 (4) for valuation periods ending on or after June 30, 2003, to the
10 extent possible by up to 50% of the excess valuation assets allocated
11 to the State or to the other employers, respectively.

12 Notwithstanding the discretion provided to the State Treasurer in the
13 previous paragraph to reduce the amount of the normal contribution
14 payable by employers other than the State, the State Treasurer shall
15 reduce the amount of the normal contribution payable by employers
16 other than the State by \$150,000,000 in the aggregate for the
17 valuation period ending June 30, 1998, and then the State Treasurer
18 may reduce further pursuant to the provisions of the previous
19 paragraph the normal contribution payable by such employers for that
20 valuation period.

21 The normal and accrued liability contributions shall be certified
22 annually by the retirement system and shall be included in the budget
23 of the employer and levied and collected in the same manner as any
24 other taxes are levied and collected for the payment of the salaries of
25 members.

26 Notwithstanding the preceding sentence, the normal and accrued
27 liability contributions to be included in the budget of and paid by the
28 employer other than the State shall be as follows: for the payment due
29 in the State fiscal year ending on June 30, 2004, 20% of the amount
30 certified by the retirement system; for the payment due in the State
31 fiscal year ending on June 30, 2005, a percentage of the amount
32 certified by the retirement system as the State Treasurer shall
33 determine but not more than 40%; for the payment due in the State
34 fiscal year ending on June 30, 2006, a percentage of the amount
35 certified by the retirement system as the State Treasurer shall
36 determine but not more than 60%; and for the payment due in the
37 State fiscal year ending on June 30, 2007, a percentage of the amount
38 certified by the retirement system as the State Treasurer shall
39 determine but not more than 80%.

40 (10) The treasurer or corresponding officer of the employer shall
41 pay to the State Treasurer no later than April 1 of the State's fiscal
42 year in which payment is due the amount so certified as payable by the
43 employer, and shall pay monthly to the State Treasurer the amount of
44 the deductions from the salary of the members in the employ of the
45 employer, and the State Treasurer shall credit such amount to the
46 appropriate fund or funds, of the retirement system.

1 If payment of the full amount of the employer's obligation is not
2 made within 30 days of the due date established by this act, interest at
3 the rate of 10% per annum shall commence to run against the unpaid
4 balance thereof on the first day after such 30th day.

5 If payment in full, representing the monthly transmittal and report of
6 salary deductions, is not made within 15 days of the due date
7 established by the retirement system, interest at the rate of 10% per
8 annum shall commence to run against the total transmittal of salary
9 deductions for the period on the first day after such 15th day.

10 (11) The expenses of administration of the retirement system shall
11 be paid by the State of New Jersey. Each employer shall reimburse the
12 State for a proportionate share of the amount paid by the State for
13 administrative expense. This proportion shall be computed as the
14 number of members under the jurisdiction of such employer bears to
15 the total number of members in the system. The pro rata share of the
16 cost of administrative expense shall be included with the certification
17 by the retirement system of the employer's contribution to the system.

18 (12) Notwithstanding anything to the contrary, the retirement
19 system shall not be liable for the payment of any pension or other
20 benefits on account of the employees or beneficiaries of any employer
21 participating in the retirement system, for which reserves have not
22 been previously created from funds, contributed by such employer or
23 its employees for such benefits.

24 (13) (Deleted by amendment, P.L.1992, c.125.)

25 (14) Commencing with valuation year 1991, with payment to be
26 made in Fiscal Year 1994, the Legislature shall annually appropriate
27 and the State Treasurer shall pay into the pension accumulation fund
28 of the retirement system an amount equal to 1.1% of the compensation
29 of the members of the system for the valuation year to fund the
30 benefits provided by section 16 of P.L.1964, c.241 (C.43:16A-11.1),
31 as amended by P.L.1979, c.109.

32 (15) If the valuation assets are insufficient to fund the normal and
33 accrued liability costs attributable to P.L.1999, c.428 (C.43:16A-15.8
34 et al.) as provided hereinabove, the normal and unfunded accrued
35 liability contributions required to fund these costs for the State and
36 other employers shall be paid by the State.

37 (16) The savings realized as a result of the amendments to this
38 section by P.L.2001, c.44 in the payment of normal contributions
39 computed by the actuary for the valuation periods ending June 30,
40 1998 for employers other than the State shall be used solely and
41 exclusively by a county or municipality for the purpose of reducing the
42 amount that is required to be raised by the local property tax levy by
43 the county for county purposes or by the municipality for municipal
44 purposes, as appropriate. The Director of the Division of Local
45 Government Services in the Department of Community Affairs shall
46 certify for each year that each county or municipality has complied

1 with the requirements set forth herein. If the director finds that a
2 county or municipality has not used the savings solely and exclusively
3 for the purpose of reducing the amount that is required to be raised by
4 the local property tax levy by the county for county purposes or by the
5 municipality for municipal purposes, as appropriate, the director shall
6 direct the county or municipal governing body, as appropriate, to
7 make corrections to its budget.

8 (cf: P.L.2001, c.201, s.2)

9
10 3. This act shall take effect immediately.

11
12
13 STATEMENT
14

15 To provide budget relief to local employers while waiting for the
16 investment yield on pension funds to return to more normal levels, this
17 bill phases in the required payments by local employers into the Public
18 Employees' Retirement System (PERS) due in State fiscal years 2005
19 through 2008 and into the Police and Firemen's Retirement System
20 (PFRS) due in State fiscal years 2004 through 2007. The unpaid
21 portions of the required payments will become part of each system's
22 unfunded accrued liability to be paid over time.

23 Specifically, the bill provides that the State Treasurer will reduce
24 local employer PERS normal and accrued liability contributions to be
25 a percentage of the amount certified annually by PERS: 20% for
26 payments due in State fiscal year 2005; not more than 40% for
27 payments due in State fiscal year 2006; not more than 60% for
28 payments due in State fiscal year 2007; and not more than 80% for
29 payments due in State fiscal year 2008. Local employer PFRS normal
30 and accrued liability contributions will be 20% of the amount certified
31 by the retirement system for payments due in State fiscal year 2004
32 and thereafter a percentage of the amount certified by the retirement
33 system as the State Treasurer will determine, but not more than 40%
34 for payments due in State fiscal year 2005, not more than 60% for
35 payments due in State fiscal year 2006, and not more than 80% for
36 payments due in State fiscal year 2007.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3703

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 19, 2003

The Assembly Budget Committee reports favorably Assembly Bill No. 3703, with committee amendments.

Assembly Bill No. 3703, as amended, reduces for four years the pension contributions that local employers must make to the Public Employees' Retirement System of New Jersey (PERS) and the Police and Firemen's Retirement System (PFRS).

The PERS and PFRS, like the other State-administered retirement systems, are funded on an actuarial reserve basis. An actuary for each system annually projects that system's overall liability for benefits to members, retirees and their beneficiaries. The actuary then sets off against this projected liability the system's assets on hand, and its anticipated income from such sources as return on investments and member contributions. The difference constitutes the system's liability, which must be met through employer contributions; these consist of a "normal contribution," covering the system's liability attributable to the service rendered by covered employees during the year for which the contribution is determined, and an "accrued liability contribution," covering the system's unfunded liability for previous service. The two contribution requirements are computed and certified to employers as a percentage of total compensation.

In recent years, local employers' contribution obligations to PERS and PFRS have been met through the use of "excess valuation assets" accumulated in the respective systems. Such assets will not be available to offset local employers' required contributions to PFRS beginning in FY2004; for PERS, "excess valuation assets" will no longer be available to offset contributions beginning in FY2005. To ease the fiscal impact on local employers of the loss of this alternative source of funding for their pension liability, this bill adjusts the required payments by local employers into the PERS due in State fiscal years 2005 through 2008 and into the PFRS due in State fiscal years 2004 through 2007. The unpaid portions of the required payments will become part of each system's unfunded accrued liability to be paid over time.

Specifically, the bill provides that the State Treasurer will reduce local employer PERS normal and accrued liability contributions to be

a percentage of the amount certified annually by PERS: 20% for payments due in State fiscal year 2005; not more than 40% for payments due in State fiscal year 2006; not more than 60% for payments due in State fiscal year 2007; and not more than 80% for payments due in State fiscal year 2008. Local employer PFRS normal and accrued liability contributions will be 20% of the amount certified by the retirement system for payments due in State fiscal year 2004 and thereafter a percentage of the amount certified by the retirement system as the State Treasurer will determine, but not more than 40% for payments due in State fiscal year 2005, not more than 60% for payments due in State fiscal year 2006, and not more than 80% for payments due in State fiscal year 2007.

FISCAL IMPACT:

The Division of Pensions and Benefits in the Department of the Treasury has informally indicated that:

(1) For State FY2004, when the bill's contribution reduction provisions apply only to PFRS payments, the full payment obligation of PFRS employers is projected at \$267 million. Reducing the obligation to 20% of the full amount will result in actual contributions by local employers in the amount of \$53.4 million and, in consequence, add \$213.6 million to the accrued unfunded liability of the PFRS.

(2) For State FY2005, the full payment obligation of PFRS employers if the bill were not enacted is projected at \$321 million; if the reduced PFRS payment level for that year is set at the highest level allowed under the bill (40% of the full contribution requirement), then actual PFRS contributions that year by local employers will be about \$129 million, and a further \$193 million will be added to the accrued unfunded liability of the PFRS. Also in FY2005, the reduction in PERS local employer contributions will begin. The actuary projects these employers' full PERS payment obligation in that year at \$205 million; reducing the obligation to 20% of that amount will result in actual PERS contributions by these employers of \$41 million and the addition of \$164 million to the system's accrued unfunded liability. The combined effect of the legislation in FY2005 will be to reduce employer contributions to the two systems by a total of \$357 million and to increase the total unfunded liability of the two systems by a like amount.

A fiscal estimate on the creation of the benefits enhancement fund and the increase in the special retirement allowance, as provided by amendment, is not currently available.

COMMITTEE AMENDMENTS:

The amendments provide that, for the respective four-year periods during which local public employers' pension contributions to PERS and PFRS will be reduced, and for the year thereafter when the employers would again be subject to the full contribution requirement, the affected contribution payments shall be exempt from the limits

imposed by the local budget "cap" law.

In addition, the committee amended the bill to increase the special retirement benefit for members of the Police and Firemen's Retirement System (PFRS) beginning with the fiscal year following the adopted valuation report for the retirement system which indicates a funded level of 104%. PFRS members who have 25 or more years of service are now eligible for a pension of 65% of final compensation, plus 1% of final compensation multiplied by the number of years of creditable service over 25 but not over 30 (70% maximum). The amendments increase that benefit to a pension of 70% of final compensation, plus 1% of final compensation for each year of creditable service over 25 but not over 30 (75% maximum), when the required amount of excess valuation assets have been credited to a benefit enhancement fund.

The amendments establish in PFRS a benefit enhancement fund to which will be credited an amount of certain excess valuation assets for a valuation period beginning with the valuation report which indicates a funded level of 104%. The amount of excess valuation assets credited to the benefit enhancement fund will not exceed the present value of the expected additional normal and accrued liability contributions attributable to the above increase in the PFRS special retirement benefits payable on behalf of the active PFRS members. No additional excess valuation assets will be credited to the benefit enhancement fund after the maximum amount is attained. The normal and accrued liability contributions for this increase in PFRS benefits for active employees will be paid from the benefit enhancement fund. If fund assets are insufficient to pay those contributions for a valuation period, the retirement system will pay the amount not covered by assets from the benefit enhancement fund.

SENATE, No. 2586

STATE OF NEW JERSEY
210th LEGISLATURE

INTRODUCED MAY 29, 2003

Sponsored by:
Senator RICHARD J. CODEY
District 27 (Essex)

SYNOPSIS

Phases in local employers' payments to PERS and PFRS over five years.

CURRENT VERSION OF TEXT

As introduced.



S2586 CODEY

2

1 AN ACT concerning the funding of the Public Employees' Retirement
2 System of New Jersey and the Police and Firemen's Retirement
3 System and amending P.L.1954, c.84 and P.L.1944, c.255.

4

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

7

8 1. Section 24 of P.L.1954, c.84 (C.43:15A-24) is amended to read
9 as follows:

10 24. The contingent reserve fund shall be the fund in which shall be
11 credited contributions made by the State and other employers.

12 a. Upon the basis of the tables recommended by the actuary which
13 the board adopts and regular interest, the actuary shall compute
14 annually, beginning as of March 31, 1992, the amount of contribution
15 which shall be the normal cost as computed under the projected unit
16 credit method attributable to service rendered under the retirement
17 system for the year beginning on July 1 immediately succeeding the
18 date of the computation. This shall be known as the "normal
19 contribution."

20 b. With respect to employers other than the State, upon the basis
21 of the tables recommended by the actuary which the board adopts and
22 regular interest, the actuary shall compute the amount of the accrued
23 liability of the retirement system as of March 31, 1992 under the
24 projected unit credit method, excluding the liability for pension
25 adjustment benefits for active employees funded pursuant to section
26 2 of P.L.1990, c.6 (C.43:15A-24.1), which is not already covered by
27 the assets of the retirement system, valued in accordance with the asset
28 valuation method established in this section. Using the total amount of
29 this unfunded accrued liability, the actuary shall compute the initial
30 amount of contribution which, if the contribution is increased at a
31 specific rate and paid annually for a specific period of time, will
32 amortize this liability. The State Treasurer shall determine, upon the
33 advice of the Director of the Division of Pensions and Benefits, the
34 board of trustees and the actuary, the rate of increase for the
35 contribution and the time period for full funding of this liability, which
36 shall not exceed 40 years on initial application of this section as
37 amended by this act, P.L.1994, c.62. This shall be known as the
38 "accrued liability contribution." Any increase or decrease in the
39 unfunded accrued liability as a result of actuarial losses or gains for the
40 10 valuation years following valuation year 1992 shall serve to
41 increase or decrease, respectively, the unfunded accrued liability
42 contribution. Thereafter, any increase or decrease in the unfunded
43 accrued liability as a result of actuarial losses or gains for subsequent

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 valuation years shall serve to increase or decrease, respectively, the
2 amortization period for the unfunded accrued liability, unless an
3 increase in the amortization period will cause it to exceed 30 years.
4 If an increase in the amortization period as a result of actuarial losses
5 for a valuation year would exceed 30 years, the accrued liability
6 contribution shall be computed for the valuation year in the same
7 manner provided for the computation of the initial accrued liability
8 contribution under this section.

9 With respect to the State, upon the basis of the tables recommended
10 by the actuary which the commission adopts and regular interest, the
11 actuary shall annually determine if there is an amount of the accrued
12 liability of the retirement system, computed under the projected unit
13 credit method, which is not already covered by the assets of the
14 retirement system, valued in accordance with the asset valuation
15 method established in this section. This shall be known as the
16 "unfunded accrued liability." If there was no unfunded accrued
17 liability for the valuation period immediately preceding the current
18 valuation period, the actuary, using the total amount of this unfunded
19 accrued liability, shall compute the initial amount of contribution
20 which, if the contribution is increased at a specific rate and paid
21 annually for a specific period of time, will amortize this liability. The
22 State Treasurer shall determine, upon the advice of the Director of the
23 Division of Pensions and Benefits, the commission and the actuary, the
24 rate of increase for the contribution and the time period for full
25 funding of this liability, which shall not exceed 30 years. This shall be
26 known as the "accrued liability contribution." Thereafter, any increase
27 or decrease in the unfunded accrued liability as a result of actuarial
28 losses or gains for subsequent valuation years shall serve to increase
29 or decrease, respectively, the amortization period for the unfunded
30 accrued liability, unless an increase in the amortization period will
31 cause it to exceed 30 years. If an increase in the amortization period
32 as a result of actuarial losses for a valuation year would exceed 30
33 years, the accrued liability contribution shall be computed for the
34 valuation year in the same manner provided for the computation of the
35 initial accrued liability contribution under this section. The State may
36 pay all or any portion of its unfunded accrued liability under the
37 retirement system from any source of funds legally available for the
38 purpose, including, without limitation, the proceeds of bonds
39 authorized by law for this purpose.

40 The value of the assets to be used in the computation of the
41 contributions provided for under this section for valuation periods
42 shall be the value of the assets for the preceding valuation period
43 increased by the regular interest rate, plus the net cash flow for the
44 valuation period (the difference between the benefits and expenses
45 paid by the system and the contributions to the system) increased by
46 one half of the regular interest rate, plus 20% of the difference

1 between this expected value and the full market value of the assets as
2 of the end of the valuation period. This shall be known as the
3 "valuation assets." Notwithstanding the first sentence of this
4 paragraph, the valuation assets for the valuation period ending March
5 31, 1996 shall be the full market value of the assets as of that date and,
6 with respect to the valuation assets allocated to the State, shall include
7 the proceeds from the bonds issued pursuant to the "Pension Bond
8 Financing Act of 1997," P.L.1997, c.114 (C.34:1B-7.45 et seq.), paid
9 to the system by the New Jersey Economic Development Authority to
10 fund the unfunded accrued liability of the system. Notwithstanding
11 the first sentence of this paragraph, the valuation assets for the
12 valuation period ending June 30, 1999 shall be the full market value of
13 the assets as of that date.

14 "Excess valuation assets" for a valuation period means, with respect
15 to the valuation assets allocated to the State:

16 (1) the valuation assets allocated to the State; less

17 (2) the actuarial accrued liability of the State for basic benefits and
18 pension adjustment benefits under the retirement system; less

19 (3) the contributory group insurance premium fund, created by
20 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section 4
21 of P.L.1960, c.79; less

22 (4) the post retirement medical premium fund, created pursuant to
23 section 2 of P.L.1990, c.6 (C.43:15A-24.1), as amended by section 8
24 of P.L.1994, c.62; less

25 (5) the present value of the projected total normal cost for pension
26 adjustment benefits in excess of the projected total phased-in normal
27 cost for pension adjustment benefits for the State authorized by
28 section 2 of P.L.1990, c.6 (C.43:15A-24.1) over the full phase-in
29 period, determined in the manner prescribed for the determination and
30 amortization of the unfunded accrued liability of the system, if the sum
31 of the foregoing items is greater than zero.

32 "Excess valuation assets" for a valuation period means, with respect
33 to the valuation assets allocated to other employers:

34 (1) the valuation assets allocated to the other employers; less

35 (2) the actuarial accrued liability of the other employers for basic
36 benefits and pension adjustment benefits under the retirement system,
37 excluding the unfunded accrued liability for early retirement incentive
38 benefits pursuant to P.L.1991, c.229, P.L.1991, c.230, P.L.1993,
39 c.138, and P.L.1993, c.181, for employers other than the State; less

40 (3) the contributory group insurance premium fund, created by
41 section 4 of P.L.1955, c.214 (C.43:15A-91), as amended by section 4
42 of P.L.1960, c.79; less

43 (4) the present value of the projected total normal cost for pension
44 adjustment benefits in excess of the projected total phased-in normal
45 cost for pension adjustment benefits for the other employers
46 authorized by section 2 of P.L.1990, c.6 (C.43:15A-24.1) over the full

1 phase-in period, determined in the manner prescribed for the
2 determination and amortization of the unfunded accrued liability of the
3 system, if the sum of the foregoing items is greater than zero.

4 If there are excess valuation assets allocated to the State or to the
5 other employers for the valuation period ending March 31, 1996, the
6 normal contributions payable by the State or by the other employers
7 for the valuation periods ending March 31, 1996 and March 31, 1997
8 which have not yet been paid to the retirement system shall be reduced
9 to the extent possible by the excess valuation assets allocated to the
10 State or to the other employers, respectively, provided that with
11 respect to the excess valuation assets allocated to the State, the
12 General Fund balances that would have been paid to the retirement
13 system except for this provision shall first be allocated as State aid to
14 public schools to the extent that additional sums are required to
15 comply with the May 14, 1997 decision of the New Jersey Supreme
16 Court in *Abbott v. Burke*. If there are excess valuation assets
17 allocated to the State or to the other employers for a valuation period
18 ending after March 31, 1996, the State Treasurer may reduce the
19 normal contribution payable by the State or by the other employers for
20 the next valuation period as follows:

21 (1) for valuation periods ending March 31, 1997 through March
22 31, 2001, to the extent possible by up to 100% of the excess valuation
23 assets allocated to the State or to the other employers, respectively;

24 (2) for the valuation period ending March 31, 2002, to the extent
25 possible by up to 84% of the excess valuation assets allocated to the
26 State or to the other employers, respectively;

27 (3) for the valuation period ending March 31, 2003, to the extent
28 possible by up to 68% of the excess valuation assets allocated to the
29 State or to the other employers, respectively; and

30 (4) for valuation periods ending on or after March 31, 2004, to the
31 extent possible by up to 50% of the excess valuation assets allocated
32 to the State or to the other employers, respectively.

33 For calendar years 1998 and 1999, the rate of contribution of
34 members of the retirement system under section 25 of P.L.1954, c.84
35 (C.43:15A-25) shall be reduced by 1/2 of 1% from excess valuation
36 assets and for calendar years 2000 and 2001, the rate of contribution
37 shall be reduced by 2% from excess valuation assets. Thereafter, the
38 rate of contribution of members of the retirement system under that
39 section for a calendar year shall be reduced equally with normal
40 contributions to the extent possible, but not by more than 2%, from
41 excess valuation assets if the State Treasurer determines that excess
42 valuation assets shall be used to reduce normal contributions by the
43 State and local employers for the fiscal year beginning immediately
44 prior to the calendar year, or for the calendar year for local employers
45 whose fiscal year is the calendar year, and excess valuation assets
46 above the amount necessary to fund the reduction for that calendar

1 year in the member contribution rate plus an equal reduction in the
2 normal contribution shall be available for the further reduction of
3 normal contributions, subject to the limitations prescribed by this
4 subsection.

5 If there are excess valuation assets after reductions in normal
6 contributions and member contributions as authorized in the preceding
7 paragraphs for a valuation period beginning with the valuation period
8 ending June 30, 1999, an amount of excess valuation assets not to
9 exceed the amount of the member contributions for the fiscal year in
10 which the normal contributions are payable shall be credited to the
11 benefit enhancement fund. The amount of excess valuation assets
12 credited to the benefit enhancement fund shall not exceed the present
13 value of the expected additional normal contributions attributable to
14 the provisions of P.L.2001, c.133 payable on behalf of the active
15 members over the expected working lives of the active members in
16 accordance with the tables of actuarial assumptions for the valuation
17 period. No additional excess valuation assets shall be credited to the
18 benefit enhancement fund after the maximum amount is attained.
19 Interest shall be credited to the benefit enhancement fund as provided
20 under section 33 of P.L.1954, c.84 (C.43:15A-33).

21 The normal contribution for the increased benefits for active
22 employees under P.L.2001, c.133 shall be paid from the benefit
23 enhancement fund. If assets in the benefit enhancement fund are
24 insufficient to pay the normal contribution for the increased benefits
25 for a valuation period, the State shall pay the amount of normal
26 contribution for the increased benefits not covered by assets from the
27 benefit enhancement fund.

28 c. The retirement system shall certify annually the aggregate
29 amount payable to the contingent reserve fund in the ensuing year,
30 which amount shall be equal to the sum of the amounts described in
31 this section.

32 The State Treasurer shall reduce the normal and accrued liability
33 contributions payable by employers other than the State, excluding the
34 contribution payable from the benefit enhancement fund, to a
35 percentage of the amount certified annually by the retirement system,
36 which percentage shall be: for payments due in the State fiscal year
37 ending June 30, 2005, 20%; for payments due in the State fiscal year
38 ending June 30, 2006, not more than 40%; for payments due in the
39 State fiscal year ending June 30, 2007, not more than 60%; and for
40 payments due in the State fiscal year ending June 30, 2008, not more
41 than 80%.

42 The State shall pay into the contingent reserve fund during the
43 ensuing year the amount so determined. The death benefits, payable
44 as a result of contribution by the State under the provisions of this
45 chapter upon the death of an active or retired member, shall be paid
46 from the contingent reserve fund.

1 d. The disbursements for benefits not covered by reserves in the
2 system on account of veterans shall be met by direct contributions of
3 the State and other employers.

4 (cf: P.L.2001, c.133, s.9)

5
6 2. Section 15 of P.L.1944, c.255 (C.43:16A-15) is amended to
7 read as follows:

8 15. (1) The contributions required for the support of the
9 retirement system shall be made by members and their employers.

10 (2) The uniform percentage contribution rate for members shall be
11 8.5% of compensation.

12 (3) (Deleted by amendment, P.L.1989, c.204).

13 (4) Upon the basis of the tables recommended by the actuary which
14 the board adopts and regular interest, the actuary shall compute
15 annually, beginning as of June 30, 1991, the amount of contribution
16 which shall be the normal cost as computed under the projected unit
17 credit method attributable to service rendered under the retirement
18 system for the year beginning on July 1 immediately succeeding the
19 date of the computation. This shall be known as the "normal
20 contribution."

21 (5) (Deleted by amendment, P.L.1989, c.204).

22 (6) (Deleted by amendment, P.L.1994, c.62.)

23 (7) Each employer shall cause to be deducted from the salary of
24 each member the percentage of earnable compensation prescribed in
25 subsection (2) of this section. To facilitate the making of deductions,
26 the retirement system may modify the amount of deduction required
27 of any member by an amount not to exceed 1/10 of 1% of the
28 compensation upon which the deduction is based.

29 (8) The deductions provided for herein shall be made
30 notwithstanding that the minimum salary provided for by law for any
31 member shall be reduced thereby. Every member shall be deemed to
32 consent and agree to the deductions made and provided for herein, and
33 payment of salary or compensation less said deduction shall be a full
34 and complete discharge and acquittance of all claims and demands
35 whatsoever for the service rendered by such person during the period
36 covered by such payment, except as to the benefits provided under this
37 act. The chief fiscal officer of each employer shall certify to the
38 retirement system in such manner as the retirement system may
39 prescribe, the amounts deducted; and when deducted shall be paid into
40 said annuity savings fund, and shall be credited to the individual
41 account of the member from whose salary said deduction was made.

42 (9) With respect to employers other than the State, upon the basis
43 of the tables recommended by the actuary which the board adopts and
44 regular interest, the actuary shall compute the amount of the accrued
45 liability as of June 30, 1991 under the projected unit credit method,
46 which is not already covered by the assets of the retirement system,

1 valued in accordance with the asset valuation method established in
2 this section. Using the total amount of this unfunded accrued liability,
3 the actuary shall compute the initial amount of contribution which, if
4 the contribution is increased at a specific rate and paid annually for a
5 specific period of time, will amortize this liability. The State Treasurer
6 shall determine, upon the advice of the Director of the Division of
7 Pensions and Benefits, the board of trustees and the actuary, the rate
8 of increase for the contribution and the time period for full funding of
9 this liability, which shall not exceed 40 years on initial application of
10 this section as amended by this act, P.L.1994, c.62. This shall be
11 known as the "accrued liability contribution." Any increase or
12 decrease in the unfunded accrued liability as a result of actuarial losses
13 or gains for the 10 valuation years following valuation year 1991 shall
14 serve to increase or decrease, respectively, the unfunded accrued
15 liability contribution. Thereafter, any increase or decrease in the
16 unfunded accrued liability as a result of actuarial losses or gains for
17 subsequent valuation years shall serve to increase or decrease,
18 respectively, the amortization period for the unfunded accrued liability,
19 unless an increase in the amortization period will cause it to exceed 30
20 years. If an increase in the amortization period as a result of actuarial
21 losses for a valuation year would exceed 30 years, the accrued liability
22 contribution shall be computed for the valuation year in the same
23 manner provided for the computation of the initial accrued liability
24 contribution under this section.

25 With respect to the State, upon the basis of the tables recommended
26 by the actuary which the board adopts and regular interest, the actuary
27 shall annually determine if there is an amount of the accrued liability,
28 computed under the projected unit credit method, which is not already
29 covered by the assets of the retirement system, valued in accordance
30 with the asset valuation method established in this section. This shall
31 be known as the "unfunded accrued liability." If there was no
32 unfunded accrued liability for the valuation period immediately
33 preceding the current valuation period, the actuary, using the total
34 amount of this unfunded accrued liability, shall compute the initial
35 amount of contribution which, if the contribution is increased at a
36 specific rate and paid annually for a specific period of time, will
37 amortize this liability. The State Treasurer shall determine, upon the
38 advice of the Director of the Division of Pensions and Benefits, the
39 board of trustees and the actuary, the rate of increase for the
40 contribution and the time period for full funding of this liability, which
41 shall not exceed 30 years. This shall be known as the "accrued liability
42 contribution." Thereafter, any increase or decrease in the unfunded
43 accrued liability as a result of actuarial losses or gains for subsequent
44 valuation years shall serve to increase or decrease, respectively, the
45 amortization period for the unfunded accrued liability, unless an
46 increase in the amortization period will cause it to exceed 30 years.

1 If an increase in the amortization period as a result of actuarial losses
2 for a valuation year would exceed 30 years, the accrued liability
3 contribution shall be computed for the valuation year in the same
4 manner provided for the computation of the initial accrued liability
5 contribution under this section. The State may pay all or any portion
6 of its unfunded accrued liability under the retirement system from any
7 source of funds legally available for the purpose, including, without
8 limitation, the proceeds of bonds authorized by law for this purpose.

9 The value of the assets to be used in the computation of the
10 contributions provided for under this section for valuation periods
11 shall be the value of the assets for the preceding valuation period
12 increased by the regular interest rate, plus the net cash flow for the
13 valuation period (the difference between the benefits and expenses
14 paid by the system and the contributions to the system) increased by
15 one half of the regular interest rate, plus 20% of the difference
16 between this expected value and the full market value of the assets as
17 of the end of the valuation period. This shall be known as the
18 "valuation assets." Notwithstanding the first sentence of this
19 paragraph, the valuation assets for the valuation period ending June
20 30, 1995 shall be the full market value of the assets as of that date and,
21 with respect to the valuation assets allocated to the State, shall include
22 the proceeds from the bonds issued pursuant to the "Pension Bond
23 Financing Act of 1997," P.L.1997, c.114 (C.34:1B-7.45 et seq.), paid
24 to the system by the New Jersey Economic Development Authority to
25 fund the unfunded accrued liability of the system. Notwithstanding the
26 first sentence of this paragraph, the percentage of the difference
27 between the expected value and the full market value of the assets to
28 be added to the expected value of the assets for the valuation period
29 ending June 30, 1998 for the State shall be 100% and for other
30 employers shall be 57% plus such additional percentage as is
31 equivalent to \$150,000,000. Notwithstanding the first sentence of this
32 paragraph, the amount of the difference between the expected value
33 and the full market value of the assets to be added to the expected
34 value of the assets for the valuation period ending June 30, 1999 shall
35 include an additional amount of the market value of the assets
36 sufficient to fund (1) the unfunded accrued liability for the
37 supplementary "special retirement" allowances provided under
38 subsection b. of section 16 of P.L.1964, c.241 (C.43:16A-11.1) and
39 (2) the unfunded accrued liability for the full credit toward benefits
40 under the retirement system for service credited in the Public
41 Employees' Retirement System and transferred pursuant to section 1
42 of P.L.1993, c.247 (C.43:16A-3.8) and the reimbursement of the cost
43 of any credit purchase pursuant to section 3 of P.L.1993, c.247
44 (C.43:16A-3.10) provided under section 1 of P.L.2001, c.201
45 (C.43:16A-3.14).

46 "Excess valuation assets" means, with respect to the valuation

1 assets allocated to the State, the valuation assets allocated to the State
2 for a valuation period less the actuarial accrued liability of the State
3 for the valuation period, and beginning with the valuation period
4 ending June 30, 1998, less the present value of the expected additional
5 normal cost contributions attributable to the provisions of P.L.1999,
6 c.428 (C.43:16A-15.8 et al.) payable on behalf of the active members
7 employed by the State as of the valuation period over the expected
8 working lives of the active members in accordance with the tables of
9 actuarial assumptions applicable to the valuation period, if the sum is
10 greater than zero. "Excess valuation assets" means, with respect to
11 the valuation assets allocated to other employers, the valuation assets
12 allocated to the other employers for a valuation period less the
13 actuarial accrued liability of the other employers for the valuation
14 period, excluding the unfunded accrued liability for early retirement
15 incentive benefits pursuant to P.L.1993, c.99 for the other employers,
16 and beginning with the valuation period ending June 30, 1998, less the
17 present value of the expected additional normal cost contributions
18 attributable to the provisions of P.L.1999, c.428 (C.43:16A-15.8 et
19 al.) payable on behalf of the active members employed by other
20 employers as of the valuation period over the expected working lives
21 of the active members in accordance with the tables of actuarial
22 assumptions applicable to the valuation period, if the sum is greater
23 than zero.

24 If there are excess valuation assets allocated to the State or to the
25 other employers for the valuation period ending June 30, 1995, the
26 normal contributions payable by the State or by the other employers
27 for the valuation periods ending June 30, 1995, and June 30, 1996
28 which have not yet been paid to the retirement system shall be reduced
29 to the extent possible by the excess valuation assets allocated to the
30 State or to the other employers, respectively, provided that with
31 respect to the excess valuation assets allocated to the State, the
32 General Fund balances that would have been paid to the retirement
33 system except for this provision shall first be allocated as State aid to
34 public schools to the extent that additional sums are required to
35 comply with the May 14, 1997 decision of the New Jersey Supreme
36 Court in *Abbott v. Burke*.

37 If there are excess valuation assets allocated to the other employers
38 for the valuation period ending June 30, 1998, the accrued liability
39 contributions payable by the other employers for the valuation period
40 ending June 30, 1997 shall be reduced to the extent possible by the
41 excess valuation assets allocated to the other employers.

42 If there are excess valuation assets allocated to the State or to the
43 other employers for a valuation period ending after June 30, 1998, the
44 State Treasurer may reduce the normal contribution payable by the
45 State or by other employers for the next valuation period as follows:

46 (1) for valuation periods ending June 30, 1996 through June 30,

1 2000, to the extent possible by up to 100% of the excess valuation
2 assets allocated to the State or to the other employers, respectively;

3 (2) for the valuation period ending June 30, 2001, to the extent
4 possible by up to 84% of the excess valuation assets allocated to the
5 State or to the other employers, respectively;

6 (3) for the valuation period ending June 30, 2002, to the extent
7 possible by up to 68% of the excess valuation assets allocated to the
8 State or to the other employers, respectively; and

9 (4) for valuation periods ending on or after June 30, 2003, to the
10 extent possible by up to 50% of the excess valuation assets allocated
11 to the State or to the other employers, respectively.

12 Notwithstanding the discretion provided to the State Treasurer in
13 the previous paragraph to reduce the amount of the normal
14 contribution payable by employers other than the State, the State
15 Treasurer shall reduce the amount of the normal contribution payable
16 by employers other than the State by \$150,000,000 in the aggregate
17 for the valuation period ending June 30, 1998, and then the State
18 Treasurer may reduce further pursuant to the provisions of the
19 previous paragraph the normal contribution payable by such employers
20 for that valuation period.

21 The normal and accrued liability contributions shall be certified
22 annually by the retirement system and shall be included in the budget
23 of the employer and levied and collected in the same manner as any
24 other taxes are levied and collected for the payment of the salaries of
25 members.

26 Notwithstanding the preceding sentence, the normal and accrued
27 liability contributions to be included in the budget of and paid by the
28 employer other than the State shall be as follows: for the payment due
29 in the State fiscal year ending on June 30, 2004, 20% of the amount
30 certified by the retirement system; for the payment due in the State
31 fiscal year ending on June 30, 2005, a percentage of the amount
32 certified by the retirement system as the State Treasurer shall
33 determine but not more than 40%; for the payment due in the State
34 fiscal year ending on June 30, 2006, a percentage of the amount
35 certified by the retirement system as the State Treasurer shall
36 determine but not more than 60%; and for the payment due in the
37 State fiscal year ending on June 30, 2007, a percentage of the amount
38 certified by the retirement system as the State Treasurer shall
39 determine but not more than 80%.

40 (10) The treasurer or corresponding officer of the employer shall
41 pay to the State Treasurer no later than April 1 of the State's fiscal
42 year in which payment is due the amount so certified as payable by the
43 employer, and shall pay monthly to the State Treasurer the amount of
44 the deductions from the salary of the members in the employ of the
45 employer, and the State Treasurer shall credit such amount to the
46 appropriate fund or funds, of the retirement system.

1 If payment of the full amount of the employer's obligation is not
2 made within 30 days of the due date established by this act, interest at
3 the rate of 10% per annum shall commence to run against the unpaid
4 balance thereof on the first day after such 30th day.

5 If payment in full, representing the monthly transmittal and report
6 of salary deductions, is not made within 15 days of the due date
7 established by the retirement system, interest at the rate of 10% per
8 annum shall commence to run against the total transmittal of salary
9 deductions for the period on the first day after such 15th day.

10 (11) The expenses of administration of the retirement system shall
11 be paid by the State of New Jersey. Each employer shall reimburse the
12 State for a proportionate share of the amount paid by the State for
13 administrative expense. This proportion shall be computed as the
14 number of members under the jurisdiction of such employer bears to
15 the total number of members in the system. The pro rata share of the
16 cost of administrative expense shall be included with the certification
17 by the retirement system of the employer's contribution to the system.

18 (12) Notwithstanding anything to the contrary, the retirement
19 system shall not be liable for the payment of any pension or other
20 benefits on account of the employees or beneficiaries of any employer
21 participating in the retirement system, for which reserves have not
22 been previously created from funds, contributed by such employer or
23 its employees for such benefits.

24 (13) (Deleted by amendment, P.L.1992, c.125.)

25 (14) Commencing with valuation year 1991, with payment to be
26 made in Fiscal Year 1994, the Legislature shall annually appropriate
27 and the State Treasurer shall pay into the pension accumulation fund
28 of the retirement system an amount equal to 1.1% of the compensation
29 of the members of the system for the valuation year to fund the
30 benefits provided by section 16 of P.L.1964, c.241 (C.43:16A-11.1),
31 as amended by P.L.1979, c.109.

32 (15) If the valuation assets are insufficient to fund the normal and
33 accrued liability costs attributable to P.L.1999, c.428 (C.43:16A-15.8
34 et al.) as provided hereinabove, the normal and unfunded accrued
35 liability contributions required to fund these costs for the State and
36 other employers shall be paid by the State.

37 (16) The savings realized as a result of the amendments to this
38 section by P.L.2001, c.44 in the payment of normal contributions
39 computed by the actuary for the valuation periods ending June 30,
40 1998 for employers other than the State shall be used solely and
41 exclusively by a county or municipality for the purpose of reducing the
42 amount that is required to be raised by the local property tax levy by
43 the county for county purposes or by the municipality for municipal
44 purposes, as appropriate. The Director of the Division of Local
45 Government Services in the Department of Community Affairs shall
46 certify for each year that each county or municipality has complied

1 with the requirements set forth herein. If the director finds that a
2 county or municipality has not used the savings solely and exclusively
3 for the purpose of reducing the amount that is required to be raised by
4 the local property tax levy by the county for county purposes or by the
5 municipality for municipal purposes, as appropriate, the director shall
6 direct the county or municipal governing body, as appropriate, to
7 make corrections to its budget.

8 (cf: P.L.2001, c.201, s.2)

9

10 3. This act shall take effect immediately.

11

12

13

STATEMENT

14

15 To provide budget relief to local employers while waiting for the
16 investment yield on pension funds to return to more normal levels, this
17 bill phases in the required payments by local employers into the Public
18 Employees' Retirement System (PERS) due in State fiscal years 2005
19 through 2008 and into the Police and Firemen's Retirement System
20 (PFRS) due in State fiscal years 2004 through 2007. The unpaid
21 portions of the required payments will become part of each system's
22 unfunded accrued liability to be paid over time.

23 Specifically, the bill provides that the State Treasurer will reduce
24 local employer PERS normal and accrued liability contributions to be
25 a percentage of the amount certified annually by PERS: 20% for
26 payments due in State fiscal year 2005; not more than 40% for
27 payments due in State fiscal year 2006; not more than 60% for
28 payments due in State fiscal year 2007; and not more than 80% for
29 payments due in State fiscal year 2008. Local employer PFRS normal
30 and accrued liability contributions will be 20% of the amount certified
31 by the retirement system for payments due in State fiscal year 2004
32 and thereafter a percentage of the amount certified by the retirement
33 system as the State Treasurer will determine, but not more than 40%
34 for payments due in State fiscal year 2005, not more than 60% for
35 payments due in State fiscal year 2006, and not more than 80% for
36 payments due in State fiscal year 2007.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2586

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 12, 2003

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 2586.

This bill would reduce for four years the pension contributions that local employers must make to the Public Employees' Retirement System of New Jersey (PERS) and the Police and Firemen's Retirement System (PFRS).

In recent years, local employers' contribution obligations to PERS and PFRS have been met through the use of "excess valuation assets" accumulated in the respective systems. Such assets will not be available to offset local employers' required contributions to PFRS beginning in FY2004; for PERS, "excess valuation assets" will no longer be available to offset contributions beginning in FY2005. To ease the fiscal impact on local employers of the loss of this alternative source of funding for their pension liability, this bill adjusts the required payments by local employers into the PERS due in State fiscal years 2005 through 2008 and into the PFRS due in State fiscal years 2004 through 2007. The unpaid portions of the required payments will become part of each system's unfunded accrued liability to be paid over time.

Specifically, the bill provides that the State Treasurer will reduce local employer PERS normal and accrued liability contributions to be a percentage of the amount certified annually by PERS: 20% for payments due in State fiscal year 2005; not more than 40% for payments due in State fiscal year 2006; not more than 60% for payments due in State fiscal year 2007; and not more than 80% for payments due in State fiscal year 2008. Local employer PFRS normal and accrued liability contributions will be 20% of the amount certified by the retirement system for payments due in State fiscal year 2004 and thereafter a percentage of the amount certified by the retirement system as the State Treasurer will determine, but not more than 40% for payments due in State fiscal year 2005, not more than 60% for payments due in State fiscal year 2006, and not more than 80% for payments due in State fiscal year 2007.

COMMITTEE AMENDMENTS

Committee amendments to this bill provide that, for the respective four-year periods during which local public employers' pension contributions to PERS and PFRS would be reduced, and for the year thereafter when the employers would again be subject to the full contribution requirement, the affected contribution payments shall be exempt from the limits imposed by the local budget "cap" law.

FISCAL IMPACT

The Division of Pensions and Benefits in the Department of the Treasury has informally indicated that:

(1) For State FY2004, when the bill's contribution reduction provisions apply only to PFRS payments, the full payment obligation of PFRS employers is projected at \$267 million. Reducing the obligation to 20% of the full amount will result in actual contributions by local employers in the amount of \$53.4 million and, in consequence, add \$213.6 million to the accrued unfunded liability of the PFRS.

(2) For State FY2005, the full payment obligation of PFRS employers if the bill were not enacted is projected at \$321 million; if the reduced PFRS payment level for that year is set at the highest level allowed under the bill (40% of the full contribution requirement), then actual PFRS contributions that year by local employers will be about \$129 million, and a further \$193 million will be added to the accrued unfunded liability of the PFRS. Also in FY2005, the reduction in PERS local employer contributions will begin. The actuary projects these employers' full PERS payment obligation in that year at \$205 million; reducing the obligation to 20% of that amount will result in actual PERS contributions by these employers of \$41 million and the addition of \$164 million to the system's accrued unfunded liability. The combined effect of the legislation in FY2005 will be to reduce employer contributions to the two systems by a total of \$357 million and to increase the total unfunded liability of the two systems by a like amount.

It should be noted that future investment experience and other factors may reduce (or increase) PERS and PFRS employer funding requirements, and thus alter the fiscal impact of the legislation from current projections.

STATEMENT TO
[First Reprint]
SENATE, No. 2586

with Senate Floor Amendments
(Proposed By Senator CODEY)

ADOPTED: JUNE 16, 2003

The floor amendments increase the special retirement benefit for members of the Police and Firemen's Retirement System (PFRS) beginning with the fiscal year following the adopted valuation report for the retirement system which indicates a funded level of 104%. PFRS members who have 25 or more years of service are now eligible for a pension of 65% of final compensation, plus 1% of final compensation multiplied by the number of years of creditable service over 25 but not over 30 (70% maximum). The amendments increase that benefit to a pension of 70% of final compensation, plus 1% of final compensation for each year of creditable service over 25 but not over 30 (75% maximum), when the required amount of excess valuation assets have been credited to a benefit enhancement fund.

The floor amendments establish in PFRS a benefit enhancement fund to which will be credited an amount of certain excess valuation assets for a valuation period beginning with the valuation report which indicates a funded level of 104%. The amount of excess valuation assets credited to the benefit enhancement fund will not exceed the present value of the expected additional normal and accrued liability contributions attributable to the above increase in the PFRS special retirement benefits payable on behalf of the active PFRS members. No additional excess valuation assets will be credited to the benefit enhancement fund after the maximum amount is attained. The normal and accrued liability contributions for this increase in PFRS benefits for active employees will be paid from the benefit enhancement fund. If fund assets are insufficient to pay those contributions for a valuation period, the retirement system will pay the amount not covered by assets from the benefit enhancement fund.

LEGISLATIVE FISCAL ESTIMATE
 [Second Reprint]
SENATE, No. 2586
STATE OF NEW JERSEY
210th LEGISLATURE

DATED: SEPTEMBER 29, 2003

SUMMARY

- Synopsis:** Adjusts local employers' contributions to PERS and PFRS over five years; provides exemption from municipal and county "cap" limitation; creates fund for certain excess assets to enhance PFRS special retirement.
- Type of Impact:** Expenditure reduction, Local employers. Contribution reduction, Public Employees Retirement System - Local; Police and Firemen's Retirement System - Local. Expenditure increase, Local government funds.
- Agencies Affected:** Local governments.

Office of Legislative Services Estimate

Fiscal Impact	FY 2004	FY 2005	FY 2006
Local Savings	\$213,586,738	\$356,600,000	\$271,776,301
Local Cost	See Comments Below		

- ! The Office of Legislative Services (OLS) **concurs** with the informal Executive estimate.
- ! Phases-in local contributions by employers into the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) over five years.
- ! Increases from 65 percent to 70 percent the base percentage of final compensation a member of the PFRS will receive upon special retirement.
- ! The Division of Pensions and Benefits informally estimates that in FY 2004, the provisions of this bill would reduce the required local government employers' contributions to PFRS by \$213.6 million. In FY 2005, it reduces required local government employers' contributions by \$192.6 million for PFRS and by \$164 million for PERS.
- ! The division estimates an additional accrued (prior) liability of approximately \$530.9 million due to the provisions of this bill to enhance the PFRS special retirement. Annual payments over a period of 30 years would commence two years after the benefit enhancement takes

effect at an estimated cost of \$25.8 million.

- ! Payments to fund the additional normal cost for future benefits associated with the provisions of this bill are estimated at an annual cost of approximately \$36 million.
- ! The PFRS will experience a reduction in excess assets, when the retirement system records a funding level in excess of 104 percent, because these excess assets would be credited to a benefit enhancement fund. These excess valuation assets will cover the additional employer contributions to pay the normal cost and unfunded accrued liability associated with the increased benefit.

BILL DESCRIPTION

Senate Bill No. 2586 (2R) of 2003 would phase-in the required payments by local employers into the Public Employees' Retirement System (PERS) due in State fiscal years 2005 through 2008 and into the Police and Firemen's Retirement System (PFRS) due in State fiscal years 2004 through 2007. The unpaid portions of the required payments will become part of each system's unfunded accrued liability to be paid over time.

Specifically, the bill provides that the State Treasurer will reduce local employer PERS normal and accrued liability contributions to be a percentage of the amount certified annually by PERS: 20 percent for payments due in State fiscal year 2005; not more than 40 percent for payments due in State fiscal year 2006; not more than 60 percent for payments due in State fiscal year 2007; and not more than 80 percent for payments due in State fiscal year 2008.

Local employer PFRS normal and accrued liability contributions will be 20 percent of the amount certified by the retirement system for payments due in State fiscal year 2004 and thereafter a percentage of the amount certified by the retirement system as the State Treasurer will determine, but not more than 40 percent for payments due in State fiscal year 2005, not more than 60 percent for payments due in State fiscal year 2006, and not more than 80 percent for payments due in State fiscal year 2007.

This bill would enhance the retirement benefit for PFRS members who retire with 25 but not more than 30 years of service credit by increasing the pension allowance from 65 percent of final compensation plus 1 percent of final compensation multiplied by the number of years of creditable service over 25 but not over 30; to 70 percent of final compensation plus 1 percent of final compensation multiplied by the number of years of creditable service over 25 but not over 30, provided the retirement system attains a funded level in excess of 104 percent, at which time a benefit enhancement fund would be created. The current maximum special retirement allowance is 70 percent of final compensation. Under the bill, the maximum would increase to 75 percent of final compensation.

Excess assets equal to the present value of the future normal contributions for the enhanced benefits would be deposited into the benefit enhancement fund. Both the normal and accrued liability contributions for the increased benefits for active employees would be paid from the benefit enhancement fund. However, if assets in this benefit enhancement fund are insufficient to pay the normal and accrued liability contributions, the State would be required to pay the contributions not covered by the assets.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services concurs with the informal Executive estimate and notes that approximately 90 percent of new retirement types in PFRS are special retirements.

For FY 2004, the bill's contribution reduction provisions would apply only to the Police and Firemen's Retirement System (PFRS) reflecting that the local employers' contribution obligation to the Public Employees' Retirement System (PERS) have been met through the use of excess valuation assets. The full payment obligation of PFRS employers is estimated at \$267 million. Reducing the obligation to 20 percent of the full amount will result in actual contributions by local employers in the amount of \$53.4 million and, in consequence, add \$213.6 million to the accrued unfunded liability of the PFRS.

For FY 2005, the full payment obligation of PFRS employers is estimated at \$321 million. Reducing the obligation to 40 percent of the full amount will result in actual contributions by local employers in the amount of \$128.4 million, and a further \$192.6 million would be added to the accrued unfunded liability of the PFRS. Also in FY 2005, the reduction in PERS local employer contributions will begin. The actuary projects these employers' full PERS payment obligation in that year at \$205 million. Reducing the obligation to 20 percent of will result in actual PERS contributions by these employers of \$41 million and the addition of \$164 million to the system's accrued unfunded liability. The combined effect of the legislation in FY 2005 will be to reduce employer contributions to the two systems by a total of \$356.6 million and to increase the total unfunded liability of the two systems by a like amount.

The division informally estimated the present value of the additional unfunded accrued liability for PFRS from the special retirement enhancement provision at approximately \$500 million. The normal cost, to ensure that the future liability for this enhancement is funded, was informally estimated at \$36 million per year. These payments would not begin until two years after the fiscal year immediately following the adoption of the valuation report by the PFRS board of trustees in which the funded level is in excess of 104 percent. At that time, excess assets will be transferred to a new benefit enhancement fund. The additional annual employer normal and accrued liability contributions associated with the special retirement benefit enhancement would be paid from this benefit enhancement fund.

The Office of Legislative Services observes that this bill would have constitutional State Mandate/State Pay implications. However, the constitutional provision (Art. VIII, Sec. II, par. 5) provides that a law will not be an unfunded mandate if there has been a public hearing, a fiscal analysis, and the bill passed by 3/4 vote in each House of the Legislature.

Section: *State Government*

Analyst: *James F. Vari*
Senior Fiscal Analyst

Approved: *Alan R. Kooney*
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.