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P.L. 2002, CHAPTER 29, *approved June 30, 2002*
Assembly, No. 2503

1 **AN ACT** redirecting \$125 million in payroll taxes from the
2 unemployment compensation fund to the Heath Care Subsidy Fund
3 and amending R.S.43:21-7 and P.L.1992, c.160.

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

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

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

20 (a) Payment.

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

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

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

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

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

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

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

32 (c) Future rates based on benefit experience.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

36 (i) if the reserve balance in its account is positive, its assigned rate
37 shall be the highest rate in effect for positive balance accounts for that
38 period, or 5.4%, whichever is higher, and (ii) if the reserve balance in
39 its account is negative, its assigned rate shall be the highest rate in
40 effect for deficit accounts for that period.

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

45 (5) (A) Unemployment Trust Fund Reserve Ratio. If on March 31
46 of any calendar year the balance in the unemployment trust fund equals

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

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

35 (B) If on March 31 of any calendar year the balance in the
36 unemployment trust fund equals or exceeds 10% but is less than 12
37 1/2% of the total taxable wages reported to the controller as of that
38 date in respect to employment during the preceding calendar year, the
39 contribution rate, effective July 1 following, of each employer eligible
40 for a contribution rate calculation based upon benefit experience, shall
41 be reduced by 3/10 of 1% under the contribution rate otherwise
42 established under the provisions of paragraphs (3) and (4) of this
43 subsection; provided that in no event shall the contribution rate of any
44 employer be reduced to less than 4/10 of 1%. If on March 31 of any
45 calendar year the balance in the unemployment trust fund equals or
46 exceeds 12 1/2% of the total taxable wages reported to the controller

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

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

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

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

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

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

32 EXPERIENCE RATING TAX TABLE

33 Fund Reserve Ratio

	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	A	B	C	D	E
39 Positive Reserve Ratio:					
40 17% and over	0.3	0.4	0.5	0.6	1.2
41 16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
42 15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
43 14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
44 13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
45 12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
46 11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2

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

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

26 Employer Reserve Ratio (Contributions minus benefits as a
27 percentage of employer's taxable wages).

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

35 EXPERIENCE RATING TAX TABLE

36 Fund Reserve Ratio

37						
38		3.50%	3.00%	2.50%	2.00%	1.99%
39	Employer	and	to	to	to	and
40	Reserve	Over	3.49%	2.99%	2.49%	Under
41	Ratio	A	B	C	D	E
42	Positive Reserve Ratio:					
43	17% and over	0.3	0.4	0.5	0.6	1.2
44	16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
45	15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
46	14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2

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

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

29 Employer Reserve Ratio (Contributions minus benefits as a
30 percentage of employer's taxable wages).

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

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

39 (G) On or after January 1, 1993, notwithstanding any other
40 provisions of this paragraph (5), the contribution rate for each
41 employer liable to pay contributions, as computed under subparagraph
42 (E) of this paragraph (5), shall be decreased by 0.1%, except that,
43 during any experience rating year starting before January 1, 1998 in
44 which the fund reserve ratio is equal to or greater than 7.00% or
45 during any experience rating year starting on or after January 1, 1998,
46 in which the fund reserve ratio is equal to or greater than 3.5%, there

1 shall be no decrease pursuant to this subparagraph (G) in the
2 contribution of any employer who has a deficit reserve ratio of
3 negative 35.00% or under.

4 (H) On or after January 1, 1993 until December 31, 1993,
5 notwithstanding any other provisions of this paragraph (5), the
6 contribution rate for each employer liable to pay contributions, as
7 computed under subparagraph (E) of this paragraph (5), shall be
8 decreased by a factor of 52.0% computed to the nearest multiple of
9 1/10%, except that, if an employer has a deficit reserve ratio of
10 negative 35.0% or under, the employer's rate of contribution shall not
11 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
12 amount of the reduction in the employer contributions stipulated by
13 this subparagraph (H) shall be in addition to the amount of the
14 reduction in the employer contributions stipulated by subparagraph (G)
15 of this paragraph (5), except that the rate of contribution of an
16 employer who has a deficit reserve ratio of negative 35.0% or under
17 shall not be reduced pursuant to this subparagraph (H) to less than
18 5.4% and the rate of contribution of any other employer shall not be
19 reduced to less than 0.0%.

20 On or after January 1, 1994 until December 31, 1995, except as
21 provided pursuant to subparagraph (I) of this paragraph (5),
22 notwithstanding any other provisions of this paragraph (5), the
23 contribution rate for each employer liable to pay contributions, as
24 computed under subparagraph (E) of this paragraph (5), shall be
25 decreased by a factor of 36.0% computed to the nearest multiple of
26 1/10%, except that, if an employer has a deficit reserve ratio of
27 negative 35.0% or under, the employer's rate of contribution shall not
28 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
29 amount of the reduction in the employer contributions stipulated by
30 this subparagraph (H) shall be in addition to the amount of the
31 reduction in the employer contributions stipulated by subparagraph (G)
32 of this paragraph (5), except that the rate of contribution of an
33 employer who has a deficit reserve ratio of negative 35.0% or under
34 shall not be reduced pursuant to this subparagraph (H) to less than
35 5.4% and the rate of contribution of any other employer shall not be
36 reduced to less than 0.0%.

37 On or after April 1, 1996 until December 31, 1996, the contribution
38 rate for each employer liable to pay contributions, as computed under
39 subparagraph (E) of this paragraph (5), shall be decreased by a factor
40 of 25.0% computed to the nearest multiple of 1/10%, except that, if
41 an employer has a deficit reserve ratio of negative 35.0% or under, the
42 employer's rate of contribution shall not be reduced pursuant to this
43 subparagraph (H) to less than 5.4%. The amount of the reduction in
44 the employer contributions stipulated by this subparagraph (H) shall
45 be in addition to the amount of the reduction in the employer
46 contributions stipulated by subparagraph (G) of this paragraph (5),

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

5 On or after January 1, 1997 until December 31, 1997, the
6 contribution rate for each employer liable to pay contributions, as
7 computed under subparagraph (E) of this paragraph (5), shall be
8 decreased by a factor of 10.0% computed to the nearest multiple of
9 1/10%, except that, if an employer has a deficit reserve ratio of
10 negative 35.0% or under, the employer's rate of contribution shall not
11 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
12 amount of the reduction in the employer contributions stipulated by
13 this subparagraph (H) shall be in addition to the amount of the
14 reduction in the employer contributions stipulated by subparagraph (G)
15 of this paragraph (5), except that the rate of contribution of an
16 employer who has a deficit reserve ratio of negative 35.0% or under
17 shall not be reduced pursuant to this subparagraph (H) to less than
18 5.4% and the rate of contribution of any other employer shall not be
19 reduced to less than 0.0%.

20 On and after January 1, 1998 until December 31, 2000 and on or
21 after January 1, 2002 until June 30, 2003, the contribution rate for
22 each employer liable to pay contributions, as computed under
23 subparagraph (E) of this paragraph (5), shall be decreased [each
24 calendar year] by a factor, as set out below, computed to the nearest
25 multiple of 1/10%, except that, if an employer has a deficit reserve
26 ratio of negative 35.0% or under, the employer's rate of contribution
27 shall not be reduced pursuant to this subparagraph (H) to less than
28 5.4%:

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

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

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

32 From January 1, 2002 until [June 30, 2002] March 31, 2002, a
33 factor of 36%;

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

35 From July 1, 2002 until June 30, 2003, a factor of 15%.

36 The amount of the reduction in the employer contributions
37 stipulated by this subparagraph (H) shall be in addition to the amount
38 of the reduction in the employer contributions stipulated by
39 subparagraph (G) of this paragraph (5), except that the rate of
40 contribution of an employer who has a deficit reserve ratio of negative
41 35.0% or under shall not be reduced pursuant to this subparagraph (H)
42 to less than 5.4% and the rate of contribution of any other employer
43 shall not be reduced to less than 0.0%.

44 (I) If the fund reserve ratio decreases to a level of less than 4.00%
45 on March 31 of calendar year 1994 or calendar year 1995, the
46 provisions of subparagraph (H) of this paragraph (5) shall cease to be

1 in effect as of July 1 of that calendar year.

2 If, upon calculating the unemployment compensation fund reserve
3 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, 1997,
4 March 31, 1998 or March 31, 1999, the controller finds that the fund
5 reserve ratio has decreased to a level of less than 3.00%, the
6 Commissioner of Labor shall notify the State Treasurer of this fact and
7 of the dollar amount necessary to bring the fund reserve ratio up to a
8 level of 3.00%. The State Treasurer shall, prior to March 31, 1997,
9 March 31, 1998 or March 31, 1999, as applicable, transfer from the
10 General Fund to the unemployment compensation fund, revenues in
11 the amount specified by the commissioner and which, upon deposit in
12 the unemployment compensation fund, shall result, upon recalculation,
13 in a fund reserve ratio used to determine employer contributions
14 beginning July 1, 1997, July 1, 1998, July 1, 1999, as applicable, of
15 at least 3.00%.

16 If, upon calculating the unemployment compensation fund reserve
17 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, 2000, the
18 controller finds that the fund reserve ratio has decreased to a level of
19 less than 3.00%, the Commissioner of Labor shall notify the State
20 Treasurer of this fact and of the dollar amount necessary to bring the
21 fund reserve ratio up to a level of 3.00%. The State Treasurer shall,
22 prior to March 31, 2000, transfer from the General Fund to the
23 unemployment compensation fund, revenues in the amount specified
24 by the commissioner and which, upon deposit in the unemployment
25 compensation fund, shall result, upon recalculation, in a fund reserve
26 ratio used to determine employer contributions beginning July 1, 2000
27 of at least 3.00%.

28 (J) On or after July 1, 2001, notwithstanding any other provisions
29 of this paragraph (5), the contribution rate for each employer liable to
30 pay contributions, as computed under subparagraph (E) of this
31 paragraph (5), shall be decreased by 0.0175%, except that, during any
32 experience rating year starting on or after July 1, 2001, in which the
33 fund reserve ratio is equal to or greater than 3.5%, there shall be no
34 decrease pursuant to this subparagraph (J) in the contribution of any
35 employer who has a deficit reserve ratio of negative 35.00% or under.
36 The amount of the reduction in the employer contributions stipulated
37 by this subparagraph (J) shall be in addition to the amount of the
38 reduction in the employer contributions stipulated by subparagraphs
39 (G) and (H) of this paragraph (5), except that the rate of contribution
40 of an employer who has a deficit reserve ratio of negative 35.0% or
41 under shall not be reduced pursuant to this subparagraph (J) to less
42 than 5.4% and the rate of contribution of any other employer shall not
43 be reduced to less than 0.0%.

44 (6) Additional contributions.

45 Notwithstanding any other provision of law, any employer who has
46 been assigned a contribution rate pursuant to subsection (c) of this

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

21 (7) Transfers.

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

43 (B) An employer who transfers part of his or its organization,
44 trade, assets or business to a successor in interest, whether by merger,
45 consolidation, sale, transfer, descent or otherwise, may jointly make
46 application with such successor in interest for transfer of that portion

1 of the employment experience of the predecessor employer relating to
2 the portion of the organization, trade, assets or business transferred to
3 the successor in interest, including credit for past years, contributions
4 paid, annual payrolls, benefit charges, et cetera, applicable to such
5 predecessor employer. The transfer of employment experience may be
6 allowed pursuant to regulation only if it is found that the employment
7 experience of the predecessor employer with respect to the portion of
8 the organization, trade, assets or business which has been transferred
9 may be considered indicative of the future employment experience of
10 the successor in interest. Credit shall be given to the successor in
11 interest only for the years during which contributions were paid by the
12 predecessor employer with respect to that part of the organization,
13 trade, assets or business transferred.

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

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

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

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

1 fund at the same rate prescribed for workers of other nongovernmental
2 employers.

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

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

29 (D) Notwithstanding any other provisions of this paragraph (1),
30 during the period starting January 1, 1993 and ending June 30, 1994,
31 each worker shall contribute to the unemployment compensation fund
32 0.5% 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. No contributions, however,
41 shall be made by the worker while the worker is covered by an
42 approved private plan under the "Temporary Disability Benefits Law,"
43 P.L.1948, c.110 (C.43:21-25 et seq.) or while the worker is exempt
44 under section 7 of P.L.1948, c.110 (C.43:21-31) or any other
45 provision of that law; provided that the contributions shall be at the
46 rate of 0.50% of wages paid with respect to employment with the

1 State of New Jersey or any other governmental entity or
2 instrumentality electing or required to make payments in lieu of
3 contributions and which is covered by the State plan under the
4 "Temporary Disability Benefits Law," except that, 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) or any
7 other provision of that law, or is covered for disability benefits by an
8 approved private plan of the employer, no contributions shall be made
9 to the fund.

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

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

40 Each worker shall, starting on January 1, 1999 until December 31,
41 1999, contribute to the unemployment compensation fund 0.15% of
42 wages paid with respect to the worker's employment with a
43 governmental employer electing or required to pay contributions or
44 nongovernmental employer, including a nonprofit organization which
45 is an employer as defined under paragraph (6) of subsection (h) of
46 R.S.43:21-19, regardless of whether that nonprofit organization elects

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

9 Each worker shall, starting on January 1, 2000 until December 31,
10 2001, contribute to the unemployment compensation fund 0.20% 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, 2002 until June 30,
25 2003, contribute to the unemployment compensation fund 0.1825% of
26 wages paid with respect to the worker's employment with a
27 governmental employer electing or required to pay contributions or a
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 0.0825% 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 and after July 1, 2003, contribute to
40 the unemployment compensation fund 0.3825% of wages paid with
41 respect to the worker's employment with a governmental employer
42 electing or required to pay contributions or nongovernmental
43 employer, including a nonprofit organization which is an employer as
44 defined under paragraph (6) of subsection (h) of R.S.43:21-19,
45 regardless of whether that nonprofit organization elects or is required
46 to finance its benefit costs with contributions to the fund or by

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

8 (E) Each employer shall, notwithstanding any provision of law in
9 this State to the contrary, withhold in trust the amount of his workers'
10 contributions from their wages at the time such wages are paid, shall
11 show such deduction on his payroll records, shall furnish such
12 evidence thereof to his workers as the division or controller may
13 prescribe, and shall transmit all such contributions, in addition to his
14 own contributions, to the office of the controller in such manner and
15 at such times as may be prescribed. If any employer fails to deduct the
16 contributions of any of his workers at the time their wages are paid, or
17 fails to make a deduction therefor at the time wages are paid for the
18 next succeeding payroll period, he alone shall thereafter be liable for
19 such contributions, and for the purpose of R.S.43:21-14, such
20 contributions shall be treated as employer's contributions required
21 from him.

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

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

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

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

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

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

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

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

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

43 (3) If an employee receives wages from more than one employer
44 during any calendar year, and either the sum of his contributions
45 deposited in and credited to the State disability benefits fund plus the
46 amount of his contributions, if any, required towards the costs of

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

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

1 the amount of such contributions from such individuals in the same
2 manner as if it were the employer.

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

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

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

14 (1) Except as hereinafter provided, each employer shall, in addition
15 to the contributions required by subsections (a), (b), and (c) of this
16 section, contribute 1/2 of 1% of the wages paid by such employer to
17 workers with respect to employment unless he is not a covered
18 employer as defined in section 3 of the "Temporary Disability Benefits
19 Law" (C.43:21-27 (a)), except that the rate for the State of New
20 Jersey shall be 1/10 of 1% for the calendar year 1980 and for the first
21 six months of 1981. Prior to July 1, 1981 and prior to July 1 each year
22 thereafter, the controller shall review the experience accumulated in
23 the account of the State of New Jersey and establish a rate for the next
24 following fiscal year which, in combination with worker contributions,
25 will produce sufficient revenue to keep the account in balance; except
26 that the rate so established shall not be less than 1/10 of 1%. Such
27 contributions shall become due and be paid by the employer to the
28 controller for the State disability benefits fund as established by law,
29 in accordance with such regulations as may be prescribed, and shall
30 not be deducted, in whole or in part, from the remuneration of
31 individuals in his employ. In the payment of any contributions, a
32 fractional part of a cent shall be disregarded unless it amounts to
33 \$0.005 or more, in which case it shall be increased to \$0.01.

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

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

42 (B) A separate disability benefits account shall be maintained for
43 each employer required to contribute to the State disability benefits
44 fund and such account shall be credited with contributions deposited
45 in and credited to such fund with respect to employment occurring on
46 and after January 1, 1949. Each employer's account shall be credited

1 with all contributions paid on or before January 31 of any calendar
2 year on his own behalf and on behalf of individuals in his service with
3 respect to employment occurring in preceding calendar years;
4 provided, however, that if January 31 of any calendar year falls on a
5 Saturday or Sunday an employer's account shall be credited as of
6 January 31 of such calendar year with all the contributions which he
7 has paid on or before the next succeeding day which is not a Saturday
8 or Sunday. But nothing in this act shall be construed to grant any
9 employer or individuals in his service prior claims or rights to the
10 amounts paid by him to the fund either on his own behalf or on behalf
11 of such individuals. Benefits paid to any covered individual in
12 accordance with Article III of the "Temporary Disability Benefits
13 Law" on or before December 31 of any calendar year with respect to
14 disability in such calendar year and in preceding calendar years shall be
15 charged against the account of the employer by whom such individual
16 was employed at the commencement of such disability or by whom he
17 was last employed, if out of employment.

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

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

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

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

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

39 (ii) $\frac{15}{100}$ of 1% if such excess over \$500.00 equals or exceeds 1
40 $\frac{1}{4}$ % but is less than $1\frac{1}{2}$ % of his average annual payroll;

41 (iii) $\frac{1}{10}$ of 1% if such excess over \$500.00 equals or exceeds 1
42 $\frac{1}{2}$ % of his average annual payroll.

43 (3) If the minimum requirements in (1) above have been fulfilled
44 and the contributions credited exceed the benefits charged but by not
45 more than \$500.00 plus 1% of his average annual payroll, or if the
46 benefits charged exceed the contributions credited but by not more

1 than \$500.00, the preliminary rate shall be 1/4 of 1%.

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

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

7 (ii) 45/100 of 1% if such excess over \$500.00 equals or exceeds
8 1/4 of 1% but is less than 1/2 of 1% of his average annual payroll;

9 (iii) 55/100 of 1% if such excess over \$500.00 equals or exceeds
10 1/2 of 1% but is less than 3/4 of 1% of his average annual payroll;

11 (iv) 65/100 of 1% if such excess over \$500.00 equals or exceeds
12 3/4 of 1% but is less than 1% of his average annual payroll;

13 (v) 75/100 of 1% if such excess over \$500.00 equals or exceeds
14 1% of his average annual payroll.

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

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

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

39 (i) If the percentage determined in accordance with paragraph
40 (E)(1) of this subsection equals or exceeds 1 1/4%, the final employer
41 rates shall be the preliminary rates determined as provided in (D)
42 hereof, except that if the employer's preliminary rate is determined as
43 provided in (D)(2) or (D)(3) hereof, the final employer rate shall be
44 the preliminary employer rate decreased by such percentage of excess
45 taken to the nearest 5/100 of 1%, but in no case shall such final rate
46 be less than 1/10 of 1%.

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

5 (iii) If the percentage determined in accordance with paragraph
6 (E)(1) of this subsection is less than $\frac{3}{4}$ of 1%, but in excess of $\frac{1}{4}$ of
7 1%, the final employer rates shall be the preliminary employer rates
8 determined as provided in (D) hereof increased by the difference
9 between $\frac{3}{4}$ of 1% and such percentage taken to the nearest $\frac{5}{100}$ of
10 1%; provided, however, that no such final rate shall be more than $\frac{1}{4}$
11 of 1% in the case of an employer whose preliminary rate is determined
12 as provided in (D)(2) hereof, more than $\frac{1}{2}$ of 1% in the case of an
13 employer whose preliminary rate is determined as provided in (D)(1)
14 and (D)(3) hereof, nor more than $\frac{3}{4}$ of 1% in the case of an employer
15 whose preliminary rate is determined as provided in (D)(4) hereof.

16 (iv) If the amount of the State disability benefits fund determined
17 as provided in paragraph (E)(1) of this subsection is equal to or less
18 than $\frac{1}{4}$ of 1%, then the final rate shall be $\frac{2}{5}$ of 1% in the case of an
19 employer whose preliminary rate is determined as provided in (D)(2)
20 hereof, $\frac{7}{10}$ of 1% in the case of an employer whose preliminary rate
21 is determined as provided in (D)(1) and (D)(3) hereof, and 1.1% in the
22 case of an employer whose preliminary rate is determined as provided
23 in (D)(4) hereof. Notwithstanding any other provision of law or any
24 determination made by the controller with respect to any 12-month
25 period commencing on July 1, 1970, the final rates for all employers
26 for the period beginning January 1, 1971, shall be as set forth herein.
27 (cf: P.L.2002, c.13, s.3)

28

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

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

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

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

1 the employee's taxable wages.

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

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

10 Beginning on January 1, 2000 until June 30, 2003, each employee
11 shall, in such a manner and at such times as determined by the
12 commissioner, contribute to the fund an amount equal to 0.20% of the
13 employee's taxable wages.

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

21 Also beginning on January 1, 1998 until December 31, 2000, and
22 beginning on January 1, 2002 and ending June 30, 2003, each
23 employer shall, in such a manner and at such times as determined by
24 the commissioner, contribute to the fund an amount equal to the
25 amount that the employer's contribution to the unemployment
26 compensation fund is decreased pursuant to subparagraph (H) of
27 paragraph (5) of subsection (c) of R.S.43:21-7.

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

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

1 fund pursuant to this section for the calendar year 1996 or 1997
2 exceeds \$330 million, all contributions which exceed \$330 million in
3 calendar year 1996 or 1997 shall be deposited in the unemployment
4 compensation fund. If the total amount of contributions made to the
5 fund pursuant to this section for the calendar year 1998 exceeds \$288
6 million, all contributions which exceed \$288 million in the calendar
7 year 1998 shall be deposited in the unemployment compensation fund.
8 If the total amount of contributions made to the fund pursuant to this
9 section for the calendar year 1999 exceeds \$233.9 million, all
10 contributions which exceed \$233.9 million in the calendar year 1999
11 shall be deposited in the unemployment compensation fund. If the
12 total amount of contributions made to the fund pursuant to this section
13 for the calendar year 2000 exceeds \$178.6 million, all contributions
14 which exceed \$178.6 million in the calendar year 2000 shall be
15 deposited in the unemployment compensation fund. If the total
16 amount of contributions made to the fund pursuant to this section for
17 the calendar year 2001 exceeds \$94.9 million, all contributions which
18 exceed \$94.9 million in the calendar year 2001 shall be deposited in
19 the unemployment compensation fund. If the total amount of
20 contributions made to the fund pursuant to this section for the period
21 beginning January 1, 2002 and ending June 30, 2002 exceeds [~~\$391.5~~]
22 \$516.5 million, all contributions which exceed [~~\$391.5~~] \$516.5
23 million in the period beginning January 1, 2002 and ending June 30,
24 2002 shall be deposited in the unemployment compensation fund. If
25 the total amount of contributions made to the fund pursuant to this
26 section for the fiscal year 2003 exceeds \$325 million, all contributions
27 which exceed \$325 million in the fiscal year 2003 shall be deposited in
28 the unemployment compensation fund.

29 d. All necessary administrative costs related to the collection of
30 contributions pursuant to this section shall be paid from the
31 contributions.

32 (cf: P.L.2002, c.13, s.4)

33

34 3. This act shall take effect immediately.

35

36

37

STATEMENT

38

39 This bill increases by \$125 million the amount of payroll tax
40 revenue to be redirected from the unemployment insurance fund (UI)
41 to the Health Care Subsidy Fund during calendar year 2002. Current
42 law provides that \$391.5 million in payroll taxes are redirected from
43 the UI fund to the Health Care Subsidy Fund (HCSF) during the
44 period from January 1 to June 30, 2002. The bill increases that
45 amount by \$125 million to \$516.5 million and provides that the
46 redirection of the added \$125 million be implemented during the

1 period from April 1 to June 30, 2002.

2

3

4

5

6 Redirects \$125 million in payroll taxes from UI Fund to Health Care

7 Subsidy Fund.

ASSEMBLY, No. 2503

STATE OF NEW JERSEY 210th LEGISLATURE

INTRODUCED JUNE 6, 2002

Sponsored by:

**Assemblyman JOHN S. WISNIEWSKI
District 19 (Middlesex)**

Co-Sponsored by:

Senators Bryant and Kenny

SYNOPSIS

Redirects \$125 million in payroll taxes from UI Fund to Health Care Subsidy Fund.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/25/2002)

A2503 WISNIEWSKI

2

1 AN ACT redirecting \$125 million in payroll taxes from the
2 unemployment compensation fund to the Health Care Subsidy Fund
3 and amending R.S.43:21-7 and P.L.1992, c.160.

4

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

7

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

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

20 (a) Payment.

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

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

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

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

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

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

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

30 (c) Future rates based on benefit experience.

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

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

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

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

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

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

1 all such years, his contribution rate shall be:

2 (1) $2\frac{5}{10}\%$, if such excess equals or exceeds 4%, but less than
3 5%, of his average annual payroll (as defined in paragraph (2),
4 subsection (a) of R.S.43:21-19);

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

7 (3) $1\frac{9}{10}\%$, if such excess equals or exceeds 6%, but is less than
8 7%, of his average annual payroll;

9 (4) $1\frac{6}{10}\%$, if such excess equals or exceeds 7%, but is less than
10 8%, of his average annual payroll;

11 (5) $1\frac{3}{10}\%$, if such excess equals or exceeds 8%, but is less than
12 9%, of his average annual payroll;

13 (6) 1%, if such excess equals or exceeds 9%, but is less than 10%,
14 of his average annual payroll;

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

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

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

23 (1) 4%, if such excess is less than 10% of his average annual
24 payroll;

25 (2) $4\frac{3}{10}\%$, if such excess equals or exceeds 10%, but is less than
26 20%, of his average annual payroll;

27 (3) $4\frac{6}{10}\%$, if such excess equals or exceeds 20% of his average
28 annual payroll.

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

34 (i) if the reserve balance in its account is positive, its assigned rate
35 shall be the highest rate in effect for positive balance accounts for that
36 period, or 5.4%, whichever is higher, and (ii) if the reserve balance in
37 its account is negative, its assigned rate shall be the highest rate in
38 effect for deficit accounts for that period.

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

43 (5) (A) Unemployment Trust Fund Reserve Ratio. If on March 31
44 of any calendar year the balance in the unemployment trust fund equals
45 or exceeds 4% but is less than 7% of the total taxable wages reported
46 to the controller as of that date in respect to employment during the

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

14 If on March 31 of any calendar year the balance of the
15 unemployment trust fund is less than 2 1/2% of the total taxable wages
16 reported to the controller as of that date in respect to employment
17 during the preceding calendar year, the contribution rate, effective July
18 1 following, of each employer (1) eligible for a contribution rate
19 calculation based upon benefit experience, shall be increased by (i)
20 6/10 of 1% over the contribution rate otherwise established under the
21 provisions of paragraph (3), (4)(A) or (4)(B) of this subsection, and
22 (ii) an additional amount equal to 20% of the total rate established
23 herein, provided, however, that the final contribution rate for each
24 employer shall be computed to the nearest multiple of 1/10% if not
25 already a multiple thereof; (2) not eligible for a contribution rate
26 calculation based upon benefit experience, shall be increased by 6/10
27 of 1% over the contribution rate otherwise established under the
28 provisions of paragraph (4) of this subsection. For the period
29 commencing July 1, 1984 and ending June 30, 1986, the contribution
30 rate for each employer liable to pay contributions under R.S.43:21-7
31 shall be increased by a factor of 10% computed to the nearest multiple
32 of 1/10% if not already a multiple thereof.

33 (B) If on March 31 of any calendar year the balance in the
34 unemployment trust fund equals or exceeds 10% but is less than 12
35 1/2% of the total taxable wages reported to the controller as of that
36 date in respect to employment during the preceding calendar year, the
37 contribution rate, effective July 1 following, of each employer eligible
38 for a contribution rate calculation based upon benefit experience, shall
39 be reduced by 3/10 of 1% under the contribution rate otherwise
40 established under the provisions of paragraphs (3) and (4) of this
41 subsection; provided that in no event shall the contribution rate of any
42 employer be reduced to less than 4/10 of 1%. If on March 31 of any
43 calendar year the balance in the unemployment trust fund equals or
44 exceeds 12 1/2% of the total taxable wages reported to the controller
45 as of that date in respect to employment during the preceding calendar
46 year, the contribution rate, effective July 1 following, of each

1 employer eligible for a contribution rate calculation based upon benefit
 2 experience, shall be reduced by 6/10 of 1% if his account for all past
 3 periods reflects an excess of contributions paid over total benefits
 4 charged of 3% or more of his average annual payroll, otherwise by
 5 3/10 of 1% under the contribution rate otherwise established under the
 6 provisions of paragraphs (3) and (4) of this subsection; provided that
 7 in no event shall the contribution rate of any employer be reduced to
 8 less than 4/10 of 1%.

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

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

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

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

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

30 EXPERIENCE RATING TAX TABLE

31 Fund Reserve Ratio

	4.50%	3.50%	3.00%	2.50%	2.49%
Employer Reserve Ratio	and Over	to 4.49%	to 3.49%	to 2.99%	and Under
	A	B	C	D	E
37 Positive Reserve Ratio:					
38 17% and over	0.3	0.4	0.5	0.6	1.2
39 16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
40 15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
41 14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
42 13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
43 12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
44 11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
45 10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
46 9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9

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

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

24 Employer Reserve Ratio (Contributions minus benefits as a
25 percentage of employer's taxable wages).

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

33 EXPERIENCE RATING TAX TABLE

34 Fund Reserve Ratio

36		3.50%	3.00%	2.50%	2.00%	1.99%
37	Employer	and	to	to	to	and
38	Reserve	Over	3.49%	2.99%	2.49%	Under
39	Ratio	A	B	C	D	E
40	Positive Reserve Ratio:					
41	17% and over	0.3	0.4	0.5	0.6	1.2
42	16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
43	15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
44	14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
45	13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
46	12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2

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

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

27 Employer Reserve Ratio (Contributions minus benefits as a
28 percentage of employer's taxable wages).

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

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

37 (G) On or after January 1, 1993, notwithstanding any other
38 provisions of this paragraph (5), the contribution rate for each
39 employer liable to pay contributions, as computed under subparagraph
40 (E) of this paragraph (5), shall be decreased by 0.1%, except that,
41 during any experience rating year starting before January 1, 1998 in
42 which the fund reserve ratio is equal to or greater than 7.00% or
43 during any experience rating year starting on or after January 1, 1998,
44 in which the fund reserve ratio is equal to or greater than 3.5%, there
45 shall be no decrease pursuant to this subparagraph (G) in the
46 contribution of any employer who has a deficit reserve ratio of

1 negative 35.00% or under.

2 (H) On or after January 1, 1993 until December 31, 1993,
3 notwithstanding any other provisions of this paragraph (5), the
4 contribution rate for each employer liable to pay contributions, as
5 computed under subparagraph (E) of this paragraph (5), shall be
6 decreased by a factor of 52.0% computed to the nearest multiple of
7 1/10%, except that, if an employer has a deficit reserve ratio of
8 negative 35.0% or under, the employer's rate of contribution shall not
9 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
10 amount of the reduction in the employer contributions stipulated by
11 this subparagraph (H) shall be in addition to the amount of the
12 reduction in the employer contributions stipulated by subparagraph (G)
13 of this paragraph (5), except that the rate of contribution of an
14 employer who has a deficit reserve ratio of negative 35.0% or under
15 shall not be reduced pursuant to this subparagraph (H) to less than
16 5.4% and the rate of contribution of any other employer shall not be
17 reduced to less than 0.0%.

18 On or after January 1, 1994 until December 31, 1995, except as
19 provided pursuant to subparagraph (I) of this paragraph (5),
20 notwithstanding any other provisions of this paragraph (5), the
21 contribution rate for each employer liable to pay contributions, as
22 computed under subparagraph (E) of this paragraph (5), shall be
23 decreased by a factor of 36.0% computed to the nearest multiple of
24 1/10%, except that, if an employer has a deficit reserve ratio of
25 negative 35.0% or under, the employer's rate of contribution shall not
26 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
27 amount of the reduction in the employer contributions stipulated by
28 this subparagraph (H) shall be in addition to the amount of the
29 reduction in the employer contributions stipulated by subparagraph (G)
30 of this paragraph (5), except that the rate of contribution of an
31 employer who has a deficit reserve ratio of negative 35.0% or under
32 shall not be reduced pursuant to this subparagraph (H) to less than
33 5.4% and the rate of contribution of any other employer shall not be
34 reduced to less than 0.0%.

35 On or after April 1, 1996 until December 31, 1996, the contribution
36 rate for each employer liable to pay contributions, as computed under
37 subparagraph (E) of this paragraph (5), shall be decreased by a factor
38 of 25.0% computed to the nearest multiple of 1/10%, except that, if
39 an employer has a deficit reserve ratio of negative 35.0% or under, the
40 employer's rate of contribution shall not be reduced pursuant to this
41 subparagraph (H) to less than 5.4%. The amount of the reduction in
42 the employer contributions stipulated by this subparagraph (H) shall
43 be in addition to the amount of the reduction in the employer
44 contributions stipulated by subparagraph (G) of this paragraph (5),
45 except that the rate of contribution of an employer who has a deficit
46 reserve ratio of negative 35.0% or under shall not be reduced pursuant

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

3 On or after January 1, 1997 until December 31, 1997, the
4 contribution rate for each employer liable to pay contributions, as
5 computed under subparagraph (E) of this paragraph (5), shall be
6 decreased by a factor of 10.0% computed to the nearest multiple of
7 1/10%, except that, if an employer has a deficit reserve ratio of
8 negative 35.0% or under, the employer's rate of contribution shall not
9 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
10 amount of the reduction in the employer contributions stipulated by
11 this subparagraph (H) shall be in addition to the amount of the
12 reduction in the employer contributions stipulated by subparagraph (G)
13 of this paragraph (5), except that the rate of contribution of an
14 employer who has a deficit reserve ratio of negative 35.0% or under
15 shall not be reduced pursuant to this subparagraph (H) to less than
16 5.4% and the rate of contribution of any other employer shall not be
17 reduced to less than 0.0%.

18 On and after January 1, 1998 until December 31, 2000 and on or
19 after January 1, 2002 until June 30, 2003, the contribution rate for
20 each employer liable to pay contributions, as computed under
21 subparagraph (E) of this paragraph (5), shall be decreased [each
22 calendar year] by a factor, as set out below, computed to the nearest
23 multiple of 1/10%, except that, if an employer has a deficit reserve
24 ratio of negative 35.0% or under, the employer's rate of contribution
25 shall not be reduced pursuant to this subparagraph (H) to less than
26 5.4%:

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

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

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

30 From January 1, 2002 until [June 30, 2002] March 31, 2002, a
31 factor of 36%;

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

33 From July 1, 2002 until June 30, 2003, a factor of 15%.

34 The amount of the reduction in the employer contributions
35 stipulated by this subparagraph (H) shall be in addition to the amount
36 of the reduction in the employer contributions stipulated by
37 subparagraph (G) of this paragraph (5), except that the rate of
38 contribution of an employer who has a deficit reserve ratio of negative
39 35.0% or under shall not be reduced pursuant to this subparagraph (H)
40 to less than 5.4% and the rate of contribution of any other employer
41 shall not be reduced to less than 0.0%.

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

46 If, upon calculating the unemployment compensation fund reserve

1 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, 1997,
2 March 31, 1998 or March 31, 1999, the controller finds that the fund
3 reserve ratio has decreased to a level of less than 3.00%, the
4 Commissioner of Labor shall notify the State Treasurer of this fact and
5 of the dollar amount necessary to bring the fund reserve ratio up to a
6 level of 3.00%. The State Treasurer shall, prior to March 31, 1997,
7 March 31, 1998 or March 31, 1999, as applicable, transfer from the
8 General Fund to the unemployment compensation fund, revenues in
9 the amount specified by the commissioner and which, upon deposit in
10 the unemployment compensation fund, shall result, upon recalculation,
11 in a fund reserve ratio used to determine employer contributions
12 beginning July 1, 1997, July 1, 1998, July 1, 1999, as applicable, of
13 at least 3.00%.

14 If, upon calculating the unemployment compensation fund reserve
15 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, 2000, the
16 controller finds that the fund reserve ratio has decreased to a level of
17 less than 3.00%, the Commissioner of Labor shall notify the State
18 Treasurer of this fact and of the dollar amount necessary to bring the
19 fund reserve ratio up to a level of 3.00%. The State Treasurer shall,
20 prior to March 31, 2000, transfer from the General Fund to the
21 unemployment compensation fund, revenues in the amount specified
22 by the commissioner and which, upon deposit in the unemployment
23 compensation fund, shall result, upon recalculation, in a fund reserve
24 ratio used to determine employer contributions beginning July 1, 2000
25 of at least 3.00%.

26 (J) On or after July 1, 2001, notwithstanding any other provisions
27 of this paragraph (5), the contribution rate for each employer liable to
28 pay contributions, as computed under subparagraph (E) of this
29 paragraph (5), shall be decreased by 0.0175%, except that, during any
30 experience rating year starting on or after July 1, 2001, in which the
31 fund reserve ratio is equal to or greater than 3.5%, there shall be no
32 decrease pursuant to this subparagraph (J) in the contribution of any
33 employer who has a deficit reserve ratio of negative 35.00% or under.
34 The amount of the reduction in the employer contributions stipulated
35 by this subparagraph (J) shall be in addition to the amount of the
36 reduction in the employer contributions stipulated by subparagraphs
37 (G) and (H) of this paragraph (5), except that the rate of contribution
38 of an employer who has a deficit reserve ratio of negative 35.0% or
39 under shall not be reduced pursuant to this subparagraph (J) to less
40 than 5.4% and the rate of contribution of any other employer shall not
41 be reduced to less than 0.0%.

42 (6) Additional contributions.

43 Notwithstanding any other provision of law, any employer who has
44 been assigned a contribution rate pursuant to subsection (c) of this
45 section for the year commencing July 1, 1948, and for any year
46 commencing July 1 thereafter, may voluntarily make payment of

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

19 (7) Transfers.

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

41 (B) An employer who transfers part of his or its organization,
42 trade, assets or business to a successor in interest, whether by merger,
43 consolidation, sale, transfer, descent or otherwise, may jointly make
44 application with such successor in interest for transfer of that portion
45 of the employment experience of the predecessor employer relating to
46 the portion of the organization, trade, assets or business transferred to

1 the successor in interest, including credit for past years, contributions
2 paid, annual payrolls, benefit charges, et cetera, applicable to such
3 predecessor employer. The transfer of employment experience may be
4 allowed pursuant to regulation only if it is found that the employment
5 experience of the predecessor employer with respect to the portion of
6 the organization, trade, assets or business which has been transferred
7 may be considered indicative of the future employment experience of
8 the successor in interest. Credit shall be given to the successor in
9 interest only for the years during which contributions were paid by the
10 predecessor employer with respect to that part of the organization,
11 trade, assets or business transferred.

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

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

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

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

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

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

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

1 contributions and which is covered by the State plan under the
2 "Temporary Disability Benefits Law," except that, while the worker is
3 exempt from the provisions of the "Temporary Disability Benefits
4 Law" under section 7 of that law, P.L.1948, c.110 (C.43:21-31) or any
5 other provision of that law, or is covered for disability benefits by an
6 approved private plan of the employer, no contributions shall be made
7 to the fund.

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

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

38 Each worker shall, starting on January 1, 1999 until December 31,
39 1999, contribute to the unemployment compensation fund 0.15% of
40 wages paid with respect to the worker's employment with a
41 governmental employer electing or required to pay contributions or
42 nongovernmental employer, including a nonprofit organization which
43 is an employer as defined under paragraph (6) of subsection (h) of
44 R.S.43:21-19, regardless of whether that nonprofit organization elects
45 or is required to finance its benefit costs with contributions to the fund
46 or by payments in lieu of contributions, after that employer has

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

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

22 Each worker shall, starting on January 1, 2002 until June 30,
23 2003, contribute to the unemployment compensation fund 0.1825% of
24 wages paid with respect to the worker's employment with a
25 governmental employer electing or required to pay contributions or a
26 nongovernmental employer, including a nonprofit organization which
27 is an employer as defined under paragraph (6) of subsection (h) of
28 R.S.43:21-19, regardless of whether that nonprofit organization elects
29 or is required to finance its benefit costs with contributions to the fund
30 or by payments in lieu of contributions, after that employer has
31 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
32 with respect to becoming an employer, provided that the contributions
33 shall be at the rate of 0.0825% of wages paid with respect to
34 employment with the State of New Jersey or any other governmental
35 entity or instrumentality electing or required to make payments in lieu
36 of contributions.

37 Each worker shall, starting on and after July 1, 2003, contribute to
38 the unemployment compensation fund 0.3825% of wages paid with
39 respect to the worker's employment with a governmental employer
40 electing or required to pay contributions or nongovernmental
41 employer, including a nonprofit organization which is an employer as
42 defined under paragraph (6) of subsection (h) of R.S.43:21-19,
43 regardless of whether that nonprofit organization elects or is required
44 to finance its benefit costs with contributions to the fund or by
45 payments in lieu of contributions, after that employer has satisfied the
46 conditions set forth in subsection (h) of R.S.43:21-19 with respect to

1 becoming an employer, provided that the contributions shall be at the
2 rate of 0.0825% of wages paid with respect to employment with the
3 State of New Jersey or any other governmental entity or
4 instrumentality electing or required to make payments in lieu of
5 contributions.

6 (E) Each employer shall, notwithstanding any provision of law in
7 this State to the contrary, withhold in trust the amount of his workers'
8 contributions from their wages at the time such wages are paid, shall
9 show such deduction on his payroll records, shall furnish such
10 evidence thereof to his workers as the division or controller may
11 prescribe, and shall transmit all such contributions, in addition to his
12 own contributions, to the office of the controller in such manner and
13 at such times as may be prescribed. If any employer fails to deduct the
14 contributions of any of his workers at the time their wages are paid, or
15 fails to make a deduction therefor at the time wages are paid for the
16 next succeeding payroll period, he alone shall thereafter be liable for
17 such contributions, and for the purpose of R.S.43:21-14, such
18 contributions shall be treated as employer's contributions required
19 from him.

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

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

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

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

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

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

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

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

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

41 (3) If an employee receives wages from more than one employer
42 during any calendar year, and either the sum of his contributions
43 deposited in and credited to the State disability benefits fund plus the
44 amount of his contributions, if any, required towards the costs of
45 benefits under one or more approved private plans under the
46 provisions of section 9 of the "Temporary Disability Benefits Law"

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

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

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

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

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

12 (1) Except as hereinafter provided, each employer shall, in addition
13 to the contributions required by subsections (a), (b), and (c) of this
14 section, contribute 1/2 of 1% of the wages paid by such employer to
15 workers with respect to employment unless he is not a covered
16 employer as defined in section 3 of the "Temporary Disability Benefits
17 Law" (C.43:21-27 (a)), except that the rate for the State of New
18 Jersey shall be 1/10 of 1% for the calendar year 1980 and for the first
19 six months of 1981. Prior to July 1, 1981 and prior to July 1 each year
20 thereafter, the controller shall review the experience accumulated in
21 the account of the State of New Jersey and establish a rate for the next
22 following fiscal year which, in combination with worker contributions,
23 will produce sufficient revenue to keep the account in balance; except
24 that the rate so established shall not be less than 1/10 of 1%. Such
25 contributions shall become due and be paid by the employer to the
26 controller for the State disability benefits fund as established by law,
27 in accordance with such regulations as may be prescribed, and shall
28 not be deducted, in whole or in part, from the remuneration of
29 individuals in his employ. In the payment of any contributions, a
30 fractional part of a cent shall be disregarded unless it amounts to
31 \$0.005 or more, in which case it shall be increased to \$0.01.

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

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

40 (B) A separate disability benefits account shall be maintained for
41 each employer required to contribute to the State disability benefits
42 fund and such account shall be credited with contributions deposited
43 in and credited to such fund with respect to employment occurring on
44 and after January 1, 1949. Each employer's account shall be credited
45 with all contributions paid on or before January 31 of any calendar
46 year on his own behalf and on behalf of individuals in his service with

1 respect to employment occurring in preceding calendar years;
2 provided, however, that if January 31 of any calendar year falls on a
3 Saturday or Sunday an employer's account shall be credited as of
4 January 31 of such calendar year with all the contributions which he
5 has paid on or before the next succeeding day which is not a Saturday
6 or Sunday. But nothing in this act shall be construed to grant any
7 employer or individuals in his service prior claims or rights to the
8 amounts paid by him to the fund either on his own behalf or on behalf
9 of such individuals. Benefits paid to any covered individual in
10 accordance with Article III of the "Temporary Disability Benefits
11 Law" on or before December 31 of any calendar year with respect to
12 disability in such calendar year and in preceding calendar years shall be
13 charged against the account of the employer by whom such individual
14 was employed at the commencement of such disability or by whom he
15 was last employed, if out of employment.

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

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

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

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

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

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

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

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

46 (4) If the minimum requirements in (1) above have been fulfilled

1 and the benefits charged exceed the contributions credited by more
2 than \$500.00, such preliminary rate shall be as follows:

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

5 (ii) 45/100 of 1% if such excess over \$500.00 equals or exceeds
6 1/4 of 1% but is less than 1/2 of 1% of his average annual payroll;

7 (iii) 55/100 of 1% if such excess over \$500.00 equals or exceeds
8 1/2 of 1% but is less than 3/4 of 1% of his average annual payroll;

9 (iv) 65/100 of 1% if such excess over \$500.00 equals or exceeds
10 3/4 of 1% but is less than 1% of his average annual payroll;

11 (v) 75/100 of 1% if such excess over \$500.00 equals or exceeds
12 1% of his average annual payroll.

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

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

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

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

45 (ii) If the percentage determined in accordance with paragraph
46 (E)(1) of this subsection equals or exceeds 3/4 of 1% and is less than

1 1 1/4 of 1%, the final employer rates shall be the preliminary employer
2 rates.

3 (iii) If the percentage determined in accordance with paragraph
4 (E)(1) of this subsection is less than 3/4 of 1%, but in excess of 1/4 of
5 1%, the final employer rates shall be the preliminary employer rates
6 determined as provided in (D) hereof increased by the difference
7 between 3/4 of 1% and such percentage taken to the nearest 5/100 of
8 1%; provided, however, that no such final rate shall be more than 1/4
9 of 1% in the case of an employer whose preliminary rate is determined
10 as provided in (D)(2) hereof, more than 1/2 of 1% in the case of an
11 employer whose preliminary rate is determined as provided in (D)(1)
12 and (D)(3) hereof, nor more than 3/4 of 1% in the case of an employer
13 whose preliminary rate is determined as provided in (D)(4) hereof.

14 (iv) If the amount of the State disability benefits fund determined
15 as provided in paragraph (E)(1) of this subsection is equal to or less
16 than 1/4 of 1%, then the final rate shall be 2/5 of 1% in the case of an
17 employer whose preliminary rate is determined as provided in (D)(2)
18 hereof, 7/10 of 1% in the case of an employer whose preliminary rate
19 is determined as provided in (D)(1) and (D)(3) hereof, and 1.1% in the
20 case of an employer whose preliminary rate is determined as provided
21 in (D)(4) hereof. Notwithstanding any other provision of law or any
22 determination made by the controller with respect to any 12-month
23 period commencing on July 1, 1970, the final rates for all employers
24 for the period beginning January 1, 1971, shall be as set forth herein.
25 (cf: P.L.2002, c.13, s.3)

26

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

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

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

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

46 Beginning on January 1, 1998 until December 31, 1998, each

1 employee shall, in such a manner and at such times as determined by
2 the commissioner, contribute to the fund an amount equal to 0.30% of
3 the employee's taxable wages.

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

8 Beginning on January 1, 2000 until June 30, 2003, each employee
9 shall, in such a manner and at such times as determined by the
10 commissioner, contribute to the fund an amount equal to 0.20% of the
11 employee's taxable wages.

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

19 Also beginning on January 1, 1998 until December 31, 2000, and
20 beginning on January 1, 2002 and ending June 30, 2003, each
21 employer shall, in such a manner and at such times as determined by
22 the commissioner, contribute to the fund an amount equal to the
23 amount that the employer's contribution to the unemployment
24 compensation fund is decreased pursuant to subparagraph (H) of
25 paragraph (5) of subsection (c) of R.S.43:21-7.

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

37 c. If the total amount of contributions to the fund pursuant to this
38 section during the calendar year 1993 exceeds \$600 million, all
39 contributions which exceed \$600 million shall be deposited in the
40 unemployment compensation fund. If the total amount of
41 contributions to the fund pursuant to this section during calendar year
42 1994 or calendar year 1995 exceeds \$500 million, all contributions
43 which exceed \$500 million shall be deposited in the unemployment
44 compensation fund. If the total amount of contributions made to the
45 fund pursuant to this section for the calendar year 1996 or 1997
46 exceeds \$330 million, all contributions which exceed \$330 million in

1 calendar year 1996 or 1997 shall be deposited in the unemployment
2 compensation fund. If the total amount of contributions made to the
3 fund pursuant to this section for the calendar year 1998 exceeds \$288
4 million, all contributions which exceed \$288 million in the calendar
5 year 1998 shall be deposited in the unemployment compensation fund.
6 If the total amount of contributions made to the fund pursuant to this
7 section for the calendar year 1999 exceeds \$233.9 million, all
8 contributions which exceed \$233.9 million in the calendar year 1999
9 shall be deposited in the unemployment compensation fund. If the
10 total amount of contributions made to the fund pursuant to this section
11 for the calendar year 2000 exceeds \$178.6 million, all contributions
12 which exceed \$178.6 million in the calendar year 2000 shall be
13 deposited in the unemployment compensation fund. If the total
14 amount of contributions made to the fund pursuant to this section for
15 the calendar year 2001 exceeds \$94.9 million, all contributions which
16 exceed \$94.9 million in the calendar year 2001 shall be deposited in
17 the unemployment compensation fund. If the total amount of
18 contributions made to the fund pursuant to this section for the period
19 beginning January 1, 2002 and ending June 30, 2002 exceeds ~~[\$391.5]~~
20 \$516.5 million, all contributions which exceed ~~[\$391.5]~~ \$516.5
21 million in the period beginning January 1, 2002 and ending June 30,
22 2002 shall be deposited in the unemployment compensation fund. If
23 the total amount of contributions made to the fund pursuant to this
24 section for the fiscal year 2003 exceeds \$325 million, all contributions
25 which exceed \$325 million in the fiscal year 2003 shall be deposited in
26 the unemployment compensation fund.

27 d. All necessary administrative costs related to the collection of
28 contributions pursuant to this section shall be paid from the
29 contributions.

30 (cf: P.L.2002, c.13, s.4)

31

32 3. This act shall take effect immediately.

33

34

35

STATEMENT

36

37 This bill increases by \$125 million the amount of payroll tax
38 revenue to be redirected from the unemployment insurance fund (UI)
39 to the Health Care Subsidy Fund during calendar year 2002. Current
40 law provides that \$391.5 million in payroll taxes are redirected from
41 the UI fund to the Health Care Subsidy Fund (HCSF) during the
42 period from January 1 to June 30, 2002. The bill increases that
43 amount by \$125 million to \$516.5 million and provides that the
44 redirection of the added \$125 million be implemented during the
45 period from April 1 to June 30, 2002.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2503

STATE OF NEW JERSEY

DATED: JUNE 6, 2002

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2503.

Assembly Bill No. 2503 increases by \$125 million the amount of payroll tax revenue to be redirected from the unemployment insurance fund to the Health Care Subsidy Fund during calendar year 2002.

FISCAL IMPACT:

Current law provides that \$391.5 million in payroll taxes are redirected from the unemployment insurance fund to the Health Care Subsidy Fund during the period from January 1 to June 30, 2002. The bill increases that amount by \$125 million to \$516.5 million and provides that the redirection of the added \$125 million be implemented during the period from April 1 to June 30, 2002.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 2503
STATE OF NEW JERSEY
210th LEGISLATURE

DATED: JULY 16, 2002

SUMMARY

- Synopsis:** Redirects \$125 million in payroll taxes from the Unemployment Insurance (UI) fund to the Health Care Subsidy Fund, during FY 2002.
- Type of Impact:**
1. Reduction in payroll taxes dedicated to UI fund.
 2. Increase in Health Care Subsidy Fund balance.
 3. Reduces General Fund costs.
- Agencies Affected:** Departments of Labor, Human Services, and Health and Senior Services.

Office of Legislative Services Estimate

Fiscal Impact	FY 2002	FY 2003	FY 2004
Health Care Subsidy Fund	Increase revenue by an additional \$125 million	N.A.	N.A.
UI Fund	Reduce revenues by an additional \$125 million for redirection	N.A.	N.A.
State General Fund	\$125 million savings through Health Care Subsidy Fund offset	N.A.	N.A.

- ! During the period from April 1, 2002 to June 30, 2002, the bill redirects \$125 million to the Health Care Subsidy Fund from the UI fund.
- ! The \$125 million is in addition to the \$391.5 million redirection established by current law, amounting to a total of \$516.5 million redirected from the UI fund from January 1, 2002 to June 30, 2002.
- ! The additional \$125 million in new payroll tax contributions to the Health Care Subsidy Fund offsets what is currently a demand on FY 2002 General Fund resources under existing law.

BILL DESCRIPTION

Assembly Bill No. 2503 of 2002 increases, by \$125 million, the amount of payroll tax revenue to be redirected from the UI fund to the Health Care Subsidy Fund (HCSF) during calendar year 2002. Current law provides that \$391.5 million in payroll taxes are redirected from the UI fund to the HCSF during the period from January 1 to June 30, 2002. The bill increases that amount by \$125 million to a total of \$516.5 million and provides that the redirection of the added \$125 million shall be implemented during the period from April 1 to June 30, 2002.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The UI fund balance for the fiscal year ending June 30, 2001 was \$3.5 billion. As of May 31, 2002, the UI fund had a cash balance of \$3.0 billion. Under reasonable projection scenarios, the redirection of payroll taxes from April 1, 2002 to June 30, 2002, as provided in this bill, will not impair the payment of benefits or imperil the stability of the UI fund.

The reduction in the UI fund balance as a result of the redirection is not estimated to trigger a higher employer tax schedule, which is currently at 3.5 percent, avoiding the trigger to change from the UI "A" schedule to the UI "B" schedule. In addition, the transfer of \$242.8 million in federal Reed Act funds to the State Unemployment Trust Fund (UTF) is taken into account for calculating the reserve ration. Even though this transfer is distributed to the UTF, it secures the current UI "A" tax schedule and further reduces the likelihood of a higher "B" schedule.

The Health Care Subsidy Fund distributes charity care and other uncompensated care payments to hospitals and other providers; assists hospitals and other providers in underwriting innovative health care services; and provides for the payment of certain Medicaid expenses. The additional \$125 million provided by this bill to the Health Care Subsidy Fund from payroll taxes will enable a corresponding reduction in health care costs that are currently supported by the State's General Fund in FY 2002.

Section: *Commerce, Labor and Industry*

Analyst: *Sonya S. Hough*
Assistant Fiscal Analyst

Approved: *Alan R. Kooney*
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2503

STATE OF NEW JERSEY

DATED: JUNE 17, 2002

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 2503.

This bill increases by \$125 million the amount of payroll tax revenue to be redirected from the unemployment insurance fund to the Health Care Subsidy Fund during Fiscal Year 2002. Under P.L.2002, c.13, the transferred funds could be used for the payment in FY2002 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 provisions of this bill are identical to those of Senate Bill No.1628, which the committee also reports this day.

FISCAL IMPACT

Current law provides that \$391.5 million in payroll taxes are redirected from the unemployment insurance fund to the Health Care Subsidy Fund during the period from January 1 to June 30, 2002. The bill increases that amount by \$125 million to \$516.5 million and provides that the redirection of the added \$125 million shall be implemented during the period from April 1 to June 30, 2002.

SENATE, No. 1628

STATE OF NEW JERSEY
210th LEGISLATURE

INTRODUCED JUNE 6, 2002

Sponsored by:

Senator WAYNE R. BRYANT

District 5 (Camden and Gloucester)

Senator BERNARD F. KENNY, JR.

District 33 (Hudson)

SYNOPSIS

Redirects \$125 million in payroll taxes from UI Fund to Health Care Subsidy Fund.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT redirecting \$125 million in payroll taxes from the
2 unemployment compensation fund to the Health Care Subsidy Fund
3 and amending R.S. 43:21-7 and P.L. 1992, c.160.

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

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

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

20 (a) Payment.

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

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

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

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

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

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

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

30 (c) Future rates based on benefit experience.

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

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

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

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

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

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

1 all such years, his contribution rate shall be:

2 (1) $2\frac{5}{10}\%$, if such excess equals or exceeds 4%, but less than
3 5%, of his average annual payroll (as defined in paragraph (2),
4 subsection (a) of R.S.43:21-19);

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

7 (3) $1\frac{9}{10}\%$, if such excess equals or exceeds 6%, but is less than
8 7%, of his average annual payroll;

9 (4) $1\frac{6}{10}\%$, if such excess equals or exceeds 7%, but is less than
10 8%, of his average annual payroll;

11 (5) $1\frac{3}{10}\%$, if such excess equals or exceeds 8%, but is less than
12 9%, of his average annual payroll;

13 (6) 1%, if such excess equals or exceeds 9%, but is less than 10%,
14 of his average annual payroll;

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

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

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

23 (1) 4%, if such excess is less than 10% of his average annual
24 payroll;

25 (2) $4\frac{3}{10}\%$, if such excess equals or exceeds 10%, but is less than
26 20%, of his average annual payroll;

27 (3) $4\frac{6}{10}\%$, if such excess equals or exceeds 20% of his average
28 annual payroll.

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

34 (i) if the reserve balance in its account is positive, its assigned rate
35 shall be the highest rate in effect for positive balance accounts for that
36 period, or 5.4%, whichever is higher, and (ii) if the reserve balance in
37 its account is negative, its assigned rate shall be the highest rate in
38 effect for deficit accounts for that period.

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

43 (5) (A) Unemployment Trust Fund Reserve Ratio. If on March 31
44 of any calendar year the balance in the unemployment trust fund equals
45 or exceeds 4% but is less than 7% of the total taxable wages reported
46 to the controller as of that date in respect to employment during the

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

14 If on March 31 of any calendar year the balance of the
15 unemployment trust fund is less than 2 1/2% of the total taxable wages
16 reported to the controller as of that date in respect to employment
17 during the preceding calendar year, the contribution rate, effective July
18 1 following, of each employer (1) eligible for a contribution rate
19 calculation based upon benefit experience, shall be increased by (i)
20 6/10 of 1% over the contribution rate otherwise established under the
21 provisions of paragraph (3), (4)(A) or (4)(B) of this subsection, and
22 (ii) an additional amount equal to 20% of the total rate established
23 herein, provided, however, that the final contribution rate for each
24 employer shall be computed to the nearest multiple of 1/10% if not
25 already a multiple thereof; (2) not eligible for a contribution rate
26 calculation based upon benefit experience, shall be increased by 6/10
27 of 1% over the contribution rate otherwise established under the
28 provisions of paragraph (4) of this subsection. For the period
29 commencing July 1, 1984 and ending June 30, 1986, the contribution
30 rate for each employer liable to pay contributions under R.S.43:21-7
31 shall be increased by a factor of 10% computed to the nearest multiple
32 of 1/10% if not already a multiple thereof.

33 (B) If on March 31 of any calendar year the balance in the
34 unemployment trust fund equals or exceeds 10% but is less than 12
35 1/2% of the total taxable wages reported to the controller as of that
36 date in respect to employment during the preceding calendar year, the
37 contribution rate, effective July 1 following, of each employer eligible
38 for a contribution rate calculation based upon benefit experience, shall
39 be reduced by 3/10 of 1% under the contribution rate otherwise
40 established under the provisions of paragraphs (3) and (4) of this
41 subsection; provided that in no event shall the contribution rate of any
42 employer be reduced to less than 4/10 of 1%. If on March 31 of any
43 calendar year the balance in the unemployment trust fund equals or
44 exceeds 12 1/2% of the total taxable wages reported to the controller
45 as of that date in respect to employment during the preceding calendar
46 year, the contribution rate, effective July 1 following, of each

1 employer eligible for a contribution rate calculation based upon benefit
 2 experience, shall be reduced by 6/10 of 1% if his account for all past
 3 periods reflects an excess of contributions paid over total benefits
 4 charged of 3% or more of his average annual payroll, otherwise by
 5 3/10 of 1% under the contribution rate otherwise established under the
 6 provisions of paragraphs (3) and (4) of this subsection; provided that
 7 in no event shall the contribution rate of any employer be reduced to
 8 less than 4/10 of 1%.

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

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

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

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

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

31 EXPERIENCE RATING TAX TABLE

32 Fund Reserve Ratio

	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	A	B	C	D	E
38 Positive Reserve Ratio:					
39 17% and over	0.3	0.4	0.5	0.6	1.2
40 16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
41 15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
42 14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
43 13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
44 12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
45 11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
46 10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6

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

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

25 Employer Reserve Ratio (Contributions minus benefits as a
26 percentage of employer's taxable wages).

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

34

35 EXPERIENCE RATING TAX TABLE

36 Fund Reserve Ratio

37

38		3.50%	3.00%	2.50%	2.00%	1.99%
39	Employer	and	to	to	to	and
40	Reserve	Over	3.49%	2.99%	2.49%	Under
41	Ratio	A	B	C	D	E
42	Positive Reserve Ratio:					
43	17% and over	0.3	0.4	0.5	0.6	1.2
44	16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
45	15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
46	14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2

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9

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

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

29 Employer Reserve Ratio (Contributions minus benefits as a
30 percentage of employer's taxable wages).

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

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

39 (G) On or after January 1, 1993, notwithstanding any other
40 provisions of this paragraph (5), the contribution rate for each
41 employer liable to pay contributions, as computed under subparagraph
42 (E) of this paragraph (5), shall be decreased by 0.1%, except that,
43 during any experience rating year starting before January 1, 1998 in
44 which the fund reserve ratio is equal to or greater than 7.00% or
45 during any experience rating year starting on or after January 1, 1998,
46 in which the fund reserve ratio is equal to or greater than 3.5%, there

1 shall be no decrease pursuant to this subparagraph (G) in the
2 contribution of any employer who has a deficit reserve ratio of
3 negative 35.00% or under.

4 (H) On or after January 1, 1993 until December 31, 1993,
5 notwithstanding any other provisions of this paragraph (5), the
6 contribution rate for each employer liable to pay contributions, as
7 computed under subparagraph (E) of this paragraph (5), shall be
8 decreased by a factor of 52.0% computed to the nearest multiple of
9 1/10%, except that, if an employer has a deficit reserve ratio of
10 negative 35.0% or under, the employer's rate of contribution shall not
11 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
12 amount of the reduction in the employer contributions stipulated by
13 this subparagraph (H) shall be in addition to the amount of the
14 reduction in the employer contributions stipulated by subparagraph (G)
15 of this paragraph (5), except that the rate of contribution of an
16 employer who has a deficit reserve ratio of negative 35.0% or under
17 shall not be reduced pursuant to this subparagraph (H) to less than
18 5.4% and the rate of contribution of any other employer shall not be
19 reduced to less than 0.0%.

20 On or after January 1, 1994 until December 31, 1995, except as
21 provided pursuant to subparagraph (I) of this paragraph (5),
22 notwithstanding any other provisions of this paragraph (5), the
23 contribution rate for each employer liable to pay contributions, as
24 computed under subparagraph (E) of this paragraph (5), shall be
25 decreased by a factor of 36.0% computed to the nearest multiple of
26 1/10%, except that, if an employer has a deficit reserve ratio of
27 negative 35.0% or under, the employer's rate of contribution shall not
28 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
29 amount of the reduction in the employer contributions stipulated by
30 this subparagraph (H) shall be in addition to the amount of the
31 reduction in the employer contributions stipulated by subparagraph (G)
32 of this paragraph (5), except that the rate of contribution of an
33 employer who has a deficit reserve ratio of negative 35.0% or under
34 shall not be reduced pursuant to this subparagraph (H) to less than
35 5.4% and the rate of contribution of any other employer shall not be
36 reduced to less than 0.0%.

37 On or after April 1, 1996 until December 31, 1996, the contribution
38 rate for each employer liable to pay contributions, as computed under
39 subparagraph (E) of this paragraph (5), shall be decreased by a factor
40 of 25.0% computed to the nearest multiple of 1/10%, except that, if
41 an employer has a deficit reserve ratio of negative 35.0% or under, the
42 employer's rate of contribution shall not be reduced pursuant to this
43 subparagraph (H) to less than 5.4%. The amount of the reduction in
44 the employer contributions stipulated by this subparagraph (H) shall
45 be in addition to the amount of the reduction in the employer
46 contributions stipulated by subparagraph (G) of this paragraph (5),

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

5 On or after January 1, 1997 until December 31, 1997, the
6 contribution rate for each employer liable to pay contributions, as
7 computed under subparagraph (E) of this paragraph (5), shall be
8 decreased by a factor of 10.0% computed to the nearest multiple of
9 1/10%, except that, if an employer has a deficit reserve ratio of
10 negative 35.0% or under, the employer's rate of contribution shall not
11 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
12 amount of the reduction in the employer contributions stipulated by
13 this subparagraph (H) shall be in addition to the amount of the
14 reduction in the employer contributions stipulated by subparagraph (G)
15 of this paragraph (5), except that the rate of contribution of an
16 employer who has a deficit reserve ratio of negative 35.0% or under
17 shall not be reduced pursuant to this subparagraph (H) to less than
18 5.4% and the rate of contribution of any other employer shall not be
19 reduced to less than 0.0%.

20 On and after January 1, 1998 until December 31, 2000 and on or
21 after January 1, 2002 until June 30, 2003, the contribution rate for
22 each employer liable to pay contributions, as computed under
23 subparagraph (E) of this paragraph (5), shall be decreased [each
24 calendar year] by a factor, as set out below, computed to the nearest
25 multiple of 1/10%, except that, if an employer has a deficit reserve
26 ratio of negative 35.0% or under, the employer's rate of contribution
27 shall not be reduced pursuant to this subparagraph (H) to less than
28 5.4%:

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

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

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

32 From January 1, 2002 until [June 30, 2002] March 31, 2002, a
33 factor of 36%;

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

35 From July 1, 2002 until June 30, 2003, a factor of 15%.

36 The amount of the reduction in the employer contributions
37 stipulated by this subparagraph (H) shall be in addition to the amount
38 of the reduction in the employer contributions stipulated by
39 subparagraph (G) of this paragraph (5), except that the rate of
40 contribution of an employer who has a deficit reserve ratio of negative
41 35.0% or under shall not be reduced pursuant to this subparagraph (H)
42 to less than 5.4% and the rate of contribution of any other employer
43 shall not be reduced to less than 0.0%.

44 (I) If the fund reserve ratio decreases to a level of less than 4.00%
45 on March 31 of calendar year 1994 or calendar year 1995, the
46 provisions of subparagraph (H) of this paragraph (5) shall cease to be

1 in effect as of July 1 of that calendar year.

2 If, upon calculating the unemployment compensation fund reserve
3 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, 1997,
4 March 31, 1998 or March 31, 1999, the controller finds that the fund
5 reserve ratio has decreased to a level of less than 3.00%, the
6 Commissioner of Labor shall notify the State Treasurer of this fact and
7 of the dollar amount necessary to bring the fund reserve ratio up to a
8 level of 3.00%. The State Treasurer shall, prior to March 31, 1997,
9 March 31, 1998 or March 31, 1999, as applicable, transfer from the
10 General Fund to the unemployment compensation fund, revenues in
11 the amount specified by the commissioner and which, upon deposit in
12 the unemployment compensation fund, shall result, upon recalculation,
13 in a fund reserve ratio used to determine employer contributions
14 beginning July 1, 1997, July 1, 1998, July 1, 1999, as applicable, of
15 at least 3.00%.

16 If, upon calculating the unemployment compensation fund reserve
17 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, 2000, the
18 controller finds that the fund reserve ratio has decreased to a level of
19 less than 3.00%, the Commissioner of Labor shall notify the State
20 Treasurer of this fact and of the dollar amount necessary to bring the
21 fund reserve ratio up to a level of 3.00%. The State Treasurer shall,
22 prior to March 31, 2000, transfer from the General Fund to the
23 unemployment compensation fund, revenues in the amount specified
24 by the commissioner and which, upon deposit in the unemployment
25 compensation fund, shall result, upon recalculation, in a fund reserve
26 ratio used to determine employer contributions beginning July 1, 2000
27 of at least 3.00%.

28 (J) On or after July 1, 2001, notwithstanding any other provisions
29 of this paragraph (5), the contribution rate for each employer liable to
30 pay contributions, as computed under subparagraph (E) of this
31 paragraph (5), shall be decreased by 0.0175%, except that, during any
32 experience rating year starting on or after July 1, 2001, in which the
33 fund reserve ratio is equal to or greater than 3.5%, there shall be no
34 decrease pursuant to this subparagraph (J) in the contribution of any
35 employer who has a deficit reserve ratio of negative 35.00% or under.
36 The amount of the reduction in the employer contributions stipulated
37 by this subparagraph (J) shall be in addition to the amount of the
38 reduction in the employer contributions stipulated by subparagraphs
39 (G) and (H) of this paragraph (5), except that the rate of contribution
40 of an employer who has a deficit reserve ratio of negative 35.0% or
41 under shall not be reduced pursuant to this subparagraph (J) to less
42 than 5.4% and the rate of contribution of any other employer shall not
43 be reduced to less than 0.0%.

44 (6) Additional contributions.

45 Notwithstanding any other provision of law, any employer who has
46 been assigned a contribution rate pursuant to subsection (c) of this

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

21 (7) Transfers.

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

43 (B) An employer who transfers part of his or its organization,
44 trade, assets or business to a successor in interest, whether by merger,
45 consolidation, sale, transfer, descent or otherwise, may jointly make
46 application with such successor in interest for transfer of that portion

1 of the employment experience of the predecessor employer relating to
2 the portion of the organization, trade, assets or business transferred to
3 the successor in interest, including credit for past years, contributions
4 paid, annual payrolls, benefit charges, et cetera, applicable to such
5 predecessor employer. The transfer of employment experience may be
6 allowed pursuant to regulation only if it is found that the employment
7 experience of the predecessor employer with respect to the portion of
8 the organization, trade, assets or business which has been transferred
9 may be considered indicative of the future employment experience of
10 the successor in interest. Credit shall be given to the successor in
11 interest only for the years during which contributions were paid by the
12 predecessor employer with respect to that part of the organization,
13 trade, assets or business transferred.

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

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

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

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

1 fund at the same rate prescribed for workers of other nongovernmental
2 employers.

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

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

29 (D) Notwithstanding any other provisions of this paragraph (1),
30 during the period starting January 1, 1993 and ending June 30, 1994,
31 each worker shall contribute to the unemployment compensation fund
32 0.5% 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. No contributions, however,
41 shall be made by the worker while the worker is covered by an
42 approved private plan under the "Temporary Disability Benefits Law,"
43 P.L.1948, c.110 (C.43:21-25 et seq.) or while the worker is exempt
44 under section 7 of P.L.1948, c.110 (C.43:21-31) or any other
45 provision of that law; provided that the contributions shall be at the
46 rate of 0.50% of wages paid with respect to employment with the

1 State of New Jersey or any other governmental entity or
2 instrumentality electing or required to make payments in lieu of
3 contributions and which is covered by the State plan under the
4 "Temporary Disability Benefits Law," except that, 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) or any
7 other provision of that law, or is covered for disability benefits by an
8 approved private plan of the employer, no contributions shall be made
9 to the fund.

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

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

40 Each worker shall, starting on January 1, 1999 until December 31,
41 1999, contribute to the unemployment compensation fund 0.15% of
42 wages paid with respect to the worker's employment with a
43 governmental employer electing or required to pay contributions or
44 nongovernmental employer, including a nonprofit organization which
45 is an employer as defined under paragraph (6) of subsection (h) of
46 R.S.43:21-19, regardless of whether that nonprofit organization elects

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

9 Each worker shall, starting on January 1, 2000 until December 31,
10 2001, contribute to the unemployment compensation fund 0.20% 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, 2002 until June 30,
25 2003, contribute to the unemployment compensation fund 0.1825% of
26 wages paid with respect to the worker's employment with a
27 governmental employer electing or required to pay contributions or a
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 0.0825% 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 and after July 1, 2003, contribute to
40 the unemployment compensation fund 0.3825% of wages paid with
41 respect to the worker's employment with a governmental employer
42 electing or required to pay contributions or nongovernmental
43 employer, including a nonprofit organization which is an employer as
44 defined under paragraph (6) of subsection (h) of R.S.43:21-19,
45 regardless of whether that nonprofit organization elects or is required
46 to finance its benefit costs with contributions to the fund or by

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

8 (E) Each employer shall, notwithstanding any provision of law in
9 this State to the contrary, withhold in trust the amount of his workers'
10 contributions from their wages at the time such wages are paid, shall
11 show such deduction on his payroll records, shall furnish such
12 evidence thereof to his workers as the division or controller may
13 prescribe, and shall transmit all such contributions, in addition to his
14 own contributions, to the office of the controller in such manner and
15 at such times as may be prescribed. If any employer fails to deduct the
16 contributions of any of his workers at the time their wages are paid, or
17 fails to make a deduction therefor at the time wages are paid for the
18 next succeeding payroll period, he alone shall thereafter be liable for
19 such contributions, and for the purpose of R.S.43:21-14, such
20 contributions shall be treated as employer's contributions required
21 from him.

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

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

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

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

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

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

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

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

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

43 (3) If an employee receives wages from more than one employer
44 during any calendar year, and either the sum of his contributions
45 deposited in and credited to the State disability benefits fund plus the
46 amount of his contributions, if any, required towards the costs of

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

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

1 the amount of such contributions from such individuals in the same
2 manner as if it were the employer.

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

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

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

14 (1) Except as hereinafter provided, each employer shall, in addition
15 to the contributions required by subsections (a), (b), and (c) of this
16 section, contribute $\frac{1}{2}$ of 1% of the wages paid by such employer to
17 workers with respect to employment unless he is not a covered
18 employer as defined in section 3 of the "Temporary Disability Benefits
19 Law" (C.43:21-27 (a)), except that the rate for the State of New
20 Jersey shall be $\frac{1}{10}$ of 1% for the calendar year 1980 and for the first
21 six months of 1981. Prior to July 1, 1981 and prior to July 1 each year
22 thereafter, the controller shall review the experience accumulated in
23 the account of the State of New Jersey and establish a rate for the next
24 following fiscal year which, in combination with worker contributions,
25 will produce sufficient revenue to keep the account in balance; except
26 that the rate so established shall not be less than $\frac{1}{10}$ of 1%. Such
27 contributions shall become due and be paid by the employer to the
28 controller for the State disability benefits fund as established by law,
29 in accordance with such regulations as may be prescribed, and shall
30 not be deducted, in whole or in part, from the remuneration of
31 individuals in his employ. In the payment of any contributions, a
32 fractional part of a cent shall be disregarded unless it amounts to
33 \$0.005 or more, in which case it shall be increased to \$0.01.

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

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

42 (B) A separate disability benefits account shall be maintained for
43 each employer required to contribute to the State disability benefits
44 fund and such account shall be credited with contributions deposited
45 in and credited to such fund with respect to employment occurring on
46 and after January 1, 1949. Each employer's account shall be credited

1 with all contributions paid on or before January 31 of any calendar
2 year on his own behalf and on behalf of individuals in his service with
3 respect to employment occurring in preceding calendar years;
4 provided, however, that if January 31 of any calendar year falls on a
5 Saturday or Sunday an employer's account shall be credited as of
6 January 31 of such calendar year with all the contributions which he
7 has paid on or before the next succeeding day which is not a Saturday
8 or Sunday. But nothing in this act shall be construed to grant any
9 employer or individuals in his service prior claims or rights to the
10 amounts paid by him to the fund either on his own behalf or on behalf
11 of such individuals. Benefits paid to any covered individual in
12 accordance with Article III of the "Temporary Disability Benefits
13 Law" on or before December 31 of any calendar year with respect to
14 disability in such calendar year and in preceding calendar years shall be
15 charged against the account of the employer by whom such individual
16 was employed at the commencement of such disability or by whom he
17 was last employed, if out of employment.

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

24 (D) Prior to July 1 of each calendar year, the controller shall make
25 a preliminary determination of the rate of contribution for the
26 12 months commencing on such July 1 for each employer subject to
27 the contribution requirements of this subsection (e).

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

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

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

39 (ii) $\frac{15}{100}$ of 1% if such excess over \$500.00 equals or exceeds 1
40 $\frac{1}{4}$ % but is less than $1\frac{1}{2}$ % of his average annual payroll;

41 (iii) $\frac{1}{10}$ of 1% if such excess over \$500.00 equals or exceeds 1
42 $\frac{1}{2}$ % of his average annual payroll.

43 (3) If the minimum requirements in (1) above have been fulfilled
44 and the contributions credited exceed the benefits charged but by not
45 more than \$500.00 plus 1% of his average annual payroll, or if the
46 benefits charged exceed the contributions credited but by not more

1 than \$500.00, the preliminary rate shall be 1/4 of 1%.

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

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

7 (ii) 45/100 of 1% if such excess over \$500.00 equals or exceeds
8 1/4 of 1% but is less than 1/2 of 1% of his average annual payroll;

9 (iii) 55/100 of 1% if such excess over \$500.00 equals or exceeds
10 1/2 of 1% but is less than 3/4 of 1% of his average annual payroll;

11 (iv) 65/100 of 1% if such excess over \$500.00 equals or exceeds
12 3/4 of 1% but is less than 1% of his average annual payroll;

13 (v) 75/100 of 1% if such excess over \$500.00 equals or exceeds
14 1% of his average annual payroll.

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

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

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

39 (i) If the percentage determined in accordance with paragraph
40 (E)(1) of this subsection equals or exceeds 1 1/4%, the final employer
41 rates shall be the preliminary rates determined as provided in (D)
42 hereof, except that if the employer's preliminary rate is determined as
43 provided in (D)(2) or (D)(3) hereof, the final employer rate shall be
44 the preliminary employer rate decreased by such percentage of excess
45 taken to the nearest 5/100 of 1%, but in no case shall such final rate
46 be less than 1/10 of 1%.

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

5 (iii) If the percentage determined in accordance with paragraph
6 (E)(1) of this subsection is less than $\frac{3}{4}$ of 1%, but in excess of $\frac{1}{4}$ of
7 1%, the final employer rates shall be the preliminary employer rates
8 determined as provided in (D) hereof increased by the difference
9 between $\frac{3}{4}$ of 1% and such percentage taken to the nearest $\frac{5}{100}$ of
10 1%; provided, however, that no such final rate shall be more than $\frac{1}{4}$
11 of 1% in the case of an employer whose preliminary rate is determined
12 as provided in (D)(2) hereof, more than $\frac{1}{2}$ of 1% in the case of an
13 employer whose preliminary rate is determined as provided in (D)(1)
14 and (D)(3) hereof, nor more than $\frac{3}{4}$ of 1% in the case of an employer
15 whose preliminary rate is determined as provided in (D)(4) hereof.

16 (iv) If the amount of the State disability benefits fund determined
17 as provided in paragraph (E)(1) of this subsection is equal to or less
18 than $\frac{1}{4}$ of 1%, then the final rate shall be $\frac{2}{5}$ of 1% in the case of an
19 employer whose preliminary rate is determined as provided in (D)(2)
20 hereof, $\frac{7}{10}$ of 1% in the case of an employer whose preliminary rate
21 is determined as provided in (D)(1) and (D)(3) hereof, and 1.1% in the
22 case of an employer whose preliminary rate is determined as provided
23 in (D)(4) hereof. Notwithstanding any other provision of law or any
24 determination made by the controller with respect to any 12-month
25 period commencing on July 1, 1970, the final rates for all employers
26 for the period beginning January 1, 1971, shall be as set forth herein.
27 (cf: P.L.2002, c.13, s.3)

28

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

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

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

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

1 the employee's taxable wages.

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

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

10 Beginning on January 1, 2000 until June 30, 2003, each employee
11 shall, in such a manner and at such times as determined by the
12 commissioner, contribute to the fund an amount equal to 0.20% of the
13 employee's taxable wages.

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

21 Also beginning on January 1, 1998 until December 31, 2000, and
22 beginning on January 1, 2002 and ending June 30, 2003, each
23 employer shall, in such a manner and at such times as determined by
24 the commissioner, contribute to the fund an amount equal to the
25 amount that the employer's contribution to the unemployment
26 compensation fund is decreased pursuant to subparagraph (H) of
27 paragraph (5) of subsection (c) of R.S.43:21-7.

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

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

1 fund pursuant to this section for the calendar year 1996 or 1997
2 exceeds \$330 million, all contributions which exceed \$330 million in
3 calendar year 1996 or 1997 shall be deposited in the unemployment
4 compensation fund. If the total amount of contributions made to the
5 fund pursuant to this section for the calendar year 1998 exceeds
6 \$288 million, all contributions which exceed \$288 million in the
7 calendar year 1998 shall be deposited in the unemployment
8 compensation fund. If the total amount of contributions made to the
9 fund pursuant to this section for the calendar year 1999 exceeds
10 \$233.9 million, all contributions which exceed \$233.9 million in the
11 calendar year 1999 shall be deposited in the unemployment
12 compensation fund. If the total amount of contributions made to the
13 fund pursuant to this section for the calendar year 2000 exceeds
14 \$178.6 million, all contributions which exceed \$178.6 million in the
15 calendar year 2000 shall be deposited in the unemployment
16 compensation fund. If the total amount of contributions made to the
17 fund pursuant to this section for the calendar year 2001 exceeds \$94.9
18 million, all contributions which exceed \$94.9 million in the calendar
19 year 2001 shall be deposited in the unemployment compensation fund.
20 If the total amount of contributions made to the fund pursuant to this
21 section for the period beginning January 1, 2002 and ending June 30,
22 2002 exceeds ~~[\$391.5]~~ \$516.5 million, all contributions which exceed
23 ~~[\$391.5]~~ \$516.5 million in the period beginning January 1, 2002 and
24 ending June 30, 2002 shall be deposited in the unemployment
25 compensation fund. If the total amount of contributions made to the
26 fund pursuant to this section for the fiscal year 2003 exceeds \$325
27 million, all contributions which exceed \$325 million in the fiscal year
28 2003 shall be deposited in the unemployment compensation fund.

29 d. All necessary administrative costs related to the collection of
30 contributions pursuant to this section shall be paid from the
31 contributions.

32 (cf: P.L.2002, c.13, s.4)

33

34 3. This act shall take effect immediately.

35

36

37

STATEMENT

38

39 This bill increases by \$125 million the amount of payroll tax
40 revenue to be redirected from the unemployment insurance fund (UI)
41 to the Health Care Subsidy Fund during calendar year 2002. Current
42 law provides that \$391.5 million in payroll taxes are redirected from
43 the UI fund to the Health Care Subsidy Fund (HCSF) during the
44 period from January 1 to June 30, 2002. The bill increases that
45 amount by \$125 million to \$516.5 million and provides that the
46 redirection of the added \$125 million be implemented during the
47 period from April 1 to June 30, 2002.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1628

STATE OF NEW JERSEY

DATED: JUNE 17, 2002

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1628.

This bill increases by \$125 million the amount of payroll tax revenue to be redirected from the unemployment insurance fund to the Health Care Subsidy Fund during Fiscal Year 2002. Under P.L.2002, c.13, the transferred funds could be used for the payment in FY2002 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 provisions of this bill are identical to those of Assembly Bill No. 2503, which the committee also reports this day.

FISCAL IMPACT

Current law provides that \$391.5 million in payroll taxes are redirected from the unemployment insurance fund to the Health Care Subsidy Fund during the period from January 1 to June 30, 2002. The bill increases that amount by \$125 million to \$516.5 million and provides that the redirection of the added \$125 million shall be implemented during the period from April 1 to June 30, 2002.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 1628
STATE OF NEW JERSEY
210th LEGISLATURE

DATED: JULY 17, 2002

SUMMARY

- Synopsis:** Redirects \$125 million in payroll taxes from the Unemployment Insurance (UI) Fund to the Health Care Subsidy Fund, during FY 2002.
- Type of Impact:**
1. Reduction in payroll taxes dedicated to the UI fund.
 2. Increase in Health Care Subsidy Fund balance.
 3. Reduces General Fund costs.
- Agencies Affected:** Departments of Labor, Human Services, and Health and Senior Services.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Health Care Subsidy Fund	Increase revenue by an additional \$125 million	N.A.	N.A.
UI Fund	Reduce revenues by an additional \$125 million for redirection	N.A.	N.A.
State General Fund	\$125 million savings through Health Care Subsidy Fund offset	N.A.	N.A.

- ! During the period from April 1, 2002 to June 30, 2002, the bill redirects \$125 million to the Health Care Subsidy Fund from the UI fund.
- ! The \$125 million is in addition to the \$391.5 million redirection established by current law, amounting to a total of \$516.5 million redirected from the UI fund from January 1, 2002 to June 30, 2002.
- ! The additional \$125 million in new payroll tax contributions to the Health Care Subsidy Fund offsets what is currently a demand on FY 2002 General Fund resources under existing law.

BILL DESCRIPTION



Senate Bill No. 1628 of 2002 increases, by \$125 million, the amount of payroll tax revenue to be redirected from the UI fund to the Health Care Subsidy Fund (HCSF) during fiscal year 2002. Current law provides that \$391.5 million in payroll taxes are redirected from the UI fund to the HCSF during the period from January 1 to June 30, 2002. The bill increases that amount by \$125 million to a total of \$516.5 million and provides that the redirection of the added \$125 shall be implemented during the period from April 1 to June 30, 2002.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The UI fund balance for the fiscal year ending June 30, 2001 was \$3.5 billion. As of May 31, 2002, the UI fund had a cash balance of \$3.0 billion. Under reasonable projection scenarios, the redirection of payroll taxes from April 1, 2002 to June 30, 2002, as provided in this bill, will not impair the payment of benefits or imperil the stability of the UI fund.

The redirection in the UI fund balance as a result of the redirection is not estimated to trigger a higher employer tax schedule, which is currently at 3.5 percent, avoiding the trigger to change from the UI "A" schedule to the UI "B" schedule. In addition, the transfer of \$242.8 million in federal Reed Act funds to the State Unemployment Trust Fund (UTF) is taken into account for calculating the reserve ratio. Even though this transfer is distributed to the UTF, it secures the current UI "A" tax schedule and further reduces the likelihood of a higher "B" schedule.

The Health Care Subsidy Fund distributes charity care and other uncompensated care payments to hospitals and other providers; assists hospitals and other providers in underwriting innovative health care services; and provides for the payment of certain Medicaid expenses. The additional \$125 million provided by this bill to the Health Care Subsidy Fund from payroll taxes will enable a corresponding reduction in health care costs that are currently supported by the State's General Fund in FY 2002.

Section: *Commerce, Labor and Industry*

Analyst: *Sonya S. Hough*
Assistant Fiscal Analyst

Approved: *Alan R. Kooney*
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.