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No

P.L. 2004, CHAPTER 44, *approved June 29, 2004*
Assembly, No. 3103

1 **AN ACT** authorizing the withdrawal of \$110 million from the State
2 disability benefits fund and amending P.L.1948, c.110.

3

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

6

7 1. Section 23 of P.L.1948, c.110 (C.43:21-47) is amended to read
8 as follows:

9 23. Withdrawal from Federal Treasury. (a) The State Treasurer is
10 hereby authorized and directed to requisition and withdraw on or
11 before December 31, 1948, the sum of \$50,000,000.00 from the
12 amount of worker contributions heretofore accumulated in the State
13 unemployment compensation fund and deposited in and credited to the
14 account of this State in the unemployment trust fund of the United
15 States of America, established and maintained pursuant to section 904
16 of the Social Security Act, as amended (42 U.S.C. s.1104), and to
17 deposit such sums in the State disability benefits fund, established
18 under the "Temporary Disability Benefits Law." The State Treasurer
19 is further authorized and empowered to make such requisitions or
20 withdrawals in accordance with such regulations relating thereto as
21 may be prescribed by the United States Secretary of the Treasury. No
22 portion of the amount requisitioned or withdrawn from the Federal
23 Treasury shall be expended for the purpose of administering the
24 "Temporary Disability Benefits Law."

25 (b) The State Treasurer is hereby authorized and directed to
26 requisition and withdraw within 90 days of this enactment, an
27 additional sum of \$50,000,000.00 from the amount of worker
28 contributions heretofore accumulated in the State unemployment
29 compensation fund and deposited in and credited to the account of this
30 State in the unemployment trust fund of the United States of America,
31 established and maintained pursuant to section 904 of the Social
32 Security Act, as amended (42 U.S.C. s.1104), and to deposit such
33 sums in the State disability benefits fund, established under the
34 "Temporary Disability Benefits Law." The State Treasurer is further
35 authorized and empowered to make such requisitions or withdrawals
36 in accordance with such regulations relating thereto as may be
37 prescribed by the United States Secretary of the Treasury. If the
38 balance in the State disability benefits fund as of December 31 of any
39 calendar year, increased by the contributions credited thereto on or
40 before, or as of January 31 immediately thereafter is in excess of
41 \$75,000,000.00, the excess shall be withdrawn from the State

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 disability benefits fund and deposited to the account of this State in the
2 unemployment trust fund until the entire \$50,000,000.00 requisitioned
3 and withdrawn under this subsection (b) has been returned and
4 deposited to the account of this State in the unemployment trust fund
5 pursuant to the provisions of this subsection (b) and subsection (c)
6 hereof. Such repayment to the unemployment trust fund shall be
7 considered in determining contribution rates by employers to the State
8 disability benefits fund under R.S.43:21-7(e). No portion of the
9 amount requisitioned or withdrawn from the Federal Treasury shall be
10 expended for the purpose of administering the "Temporary Disability
11 Benefits Law."

12 (c) The State Treasurer shall transfer from the State disability
13 benefits fund to the clearing account of the unemployment
14 compensation fund, as established under R.S.43:21-9, the sum of
15 \$25,000,000.00. Such transfer may be made at such times and in such
16 installments as the State Treasurer may deem proper, except that the
17 total sum shall have been transferred by no later than April 30, 1971.
18 Amounts transferred to the clearing account of the unemployment
19 compensation fund under this subsection shall be clear immediately
20 and shall be deposited with the Secretary of the Treasury of the United
21 States of America in accordance with the provisions of
22 R.S.43:21-9(b).

23 (d) The State Treasurer is hereby authorized and directed to
24 requisition and withdraw on or before December 31, 1985 a minimum
25 of \$50,000,000.00, at the discretion of the Commissioner of Labor,
26 from the State disability benefits fund established under section 22 of
27 P.L.1948, c.110 (C.43:21-46) and to deposit such sum in the clearing
28 account of the State unemployment compensation fund established
29 under R.S.43:21-9. The amount transferred under this subsection (d)
30 shall be cleared immediately and shall be deposited with the Secretary
31 of the Treasury of the United States of America, in accordance with
32 the provisions of R.S.43:21-9(b).

33 (e) The State Treasurer is hereby authorized and directed to
34 requisition and withdraw on or after July 1, 1992 an amount not
35 greater than \$25,000,000 from revenues received pursuant to
36 paragraph (1) of subsection (e) of R.S.43:21-7, at the discretion of the
37 Commissioner of Labor, from the State disability benefits fund
38 established pursuant to section 22 of P.L.1948, c.110 (C.43:21-46)
39 and to deposit that amount in the New Jersey Workforce Development
40 Partnership Fund created pursuant to section 9 of P.L.1992, c.43
41 (C.34:15D-9).

42 (f) The State Treasurer, in consultation with the Commissioner of
43 Labor, is hereby authorized and directed to requisition and withdraw
44 on or after July 1, 1994 from revenues received pursuant to paragraph
45 (1) of subsection (e) of R.S.43:21-7, an amount from the State
46 disability benefits fund not greater than 25% of the balance in that fund

1 as of June 30, 1994 and to deposit that amount in the clearing account
2 of the unemployment compensation fund established under
3 R.S.43:21-9. The amount transferred under this subsection (f) shall be
4 cleared immediately and shall be deposited with the Secretary of the
5 Treasury of the United States of America, in accordance with the
6 provisions of R.S.43:21-9(b).

7 (g) To the extent that funds from the General Fund are also
8 deposited into the clearing account subsequent to July 1, 1994 but
9 before October 2, 1994, such amount shall be reimbursed to the
10 General Fund from amounts collected pursuant to
11 R.S.43:21-7(d)(1)(G) and R.S.43:21-7(e) for quarterly periods ending
12 on or after September 30, 1994.

13 (h) The amount transferred from the State disability benefits fund
14 to the clearing account of the unemployment compensation fund under
15 subsection (f) of this section plus any amount reimbursed to the
16 General Fund in accordance with subsection (g) shall be repaid to the
17 State disability benefits fund from general State revenues with interest
18 at the rate earned by the investments made with moneys remaining in
19 the State disability benefits fund. The repayment period shall not
20 exceed ten years. The amount repaid each year shall be not less than
21 one tenth of the total amount transferred from the State disability
22 benefits fund to the clearing account of the unemployment
23 compensation fund under subsection (f) of this section, plus not less
24 than one tenth of the amount reimbursed to the General Fund in
25 accordance with subsection (g), plus accrued interest. The State
26 Treasurer shall, on or before the thirty-first day of January in 1995 and
27 in each subsequent year determine what amount shall be repaid to the
28 State disability benefits fund in the next commencing fiscal year, which
29 amount shall be consistent with the provisions of this subsection (h).
30 The Legislature shall appropriate that amount from the General Fund
31 to the State disability benefits fund. For purposes of determining the
32 balance in the State disability benefits fund as prescribed pursuant to
33 subparagraph (1) of subparagraph (E) of paragraph (3) of subsection
34 (e) of R.S.43:21-7, the amount transferred from the State disability
35 benefits fund to the unemployment compensation fund pursuant to
36 subsection (f) of this section and reimbursed to the General Fund
37 pursuant to subsection (g) of this section less repayments or other
38 reductions, plus accrued interest shall be included therein.

39 (i) The State Treasurer is hereby authorized and directed to
40 requisition and withdraw on or after July 1, 1996 an amount not
41 greater than \$250,000,000 from the State disability benefits fund and
42 to deposit that amount in the General Fund. For purposes of
43 determining the balance in the State disability benefits fund as
44 prescribed pursuant to subparagraph (1) of subparagraph (E) of
45 paragraph (3) of subsection (e) of R.S.43:21-7, the amount transferred
46 from the State disability benefits fund to the General Fund pursuant to

1 this subsection (i) shall be included therein.

2 (j) To ensure that the provisions of subsection (i) of this section do
3 not reduce or delay benefits payable pursuant to the "Temporary
4 Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et seq.),
5 whenever the amount in the State disability benefits fund is less than
6 the amount required to pay the benefits provided under that law and
7 the necessary costs of administering those benefits, the additional
8 amount required to pay the benefits and the administrative costs shall
9 be paid from the General Fund. The amounts paid from the General
10 Fund for benefits and administrative costs pursuant to this subsection
11 shall be repaid to the General Fund from the State disability benefits
12 fund at such time as the Treasurer determines that the repayment may
13 be made without reducing or delaying benefits payable pursuant to the
14 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et
15 seq.). The repayment to the General Fund from the State disability
16 benefits fund pursuant to this subsection (j) shall not effect an increase
17 in employee or employer contributions under subsection (d) or (e) of
18 R.S.43:21-7.

19 (k) The State Treasurer is hereby authorized and directed to
20 requisition and withdraw, in addition to the \$33,000,000 appropriated
21 from the State disability benefits fund pursuant to section 61 of
22 P.L.2001, c.130 for transfer to the General Fund, before July 1, 2002
23 an amount not greater than \$50,000,000 from the State disability
24 benefits fund and to deposit that amount in the General Fund, and in
25 addition, is hereby authorized and directed to requisition and withdraw
26 on or after July 1, 2003 an amount not greater than \$30,000,000 from
27 the State disability benefits fund and to deposit that amount in the
28 General Fund. Also, on or after July 1, 2004, the State Treasurer is
29 hereby authorized and directed to requisition and withdraw on or after
30 July 1, 2004 an amount not greater than \$110,000,000 from the State
31 disability benefits fund and to deposit that amount in the General Fund.
32 For purposes of determining the balance in the State disability benefits
33 fund as prescribed pursuant to subparagraph (1) of subparagraph (E)
34 of paragraph (3) of subsection (e) of R.S.43:21-7, the amount
35 transferred from the State disability benefits fund to the General Fund
36 pursuant to this subsection (k) shall be regarded as being included in
37 the State disability benefits fund.

38 (l) The State Treasurer is authorized to utilize funds from the State
39 disability benefits fund to purchase insurance, excess insurance or
40 reinsurance for the fund and to enter into whatever contracts are
41 needed to ensure that the provisions of subsection (k) of this section
42 do not reduce or delay benefits payable pursuant to the "Temporary
43 Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et seq.).

44 (cf: P.L.2003, c.109, s.1)

45

46 2. This act shall take effect immediately.

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STATEMENT

This bill authorizes and directs State Treasurer, on or after July 1, 2004, to transfer an amount not greater than \$110,000,000 from the State disability benefits fund to the General Fund.

Transfers \$110 million from State disability benefits fund to General Fund.

ASSEMBLY, No. 3103

STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED JUNE 14, 2004

Sponsored by:

Assemblyman JOHN S. WISNIEWSKI

District 19 (Middlesex)

Co-Sponsored by:

Senator Lesniak

SYNOPSIS

Transfers \$110 million from State disability benefits fund to General Fund.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/25/2004)

A3103 WISNIEWSKI

2

1 AN ACT authorizing the withdrawal of \$110 million from the State
2 disability benefits fund and amending P.L.1948, c.110.

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12 amount of worker contributions heretofore accumulated in the State
13 unemployment compensation fund and deposited in and credited to the
14 account of this State in the unemployment trust fund of the United
15 States of America, established and maintained pursuant to section 904
16 of the Social Security Act, as amended (42 U.S.C. s.1104), and to
17 deposit such sums in the State disability benefits fund, established
18 under the "Temporary Disability Benefits Law." The State Treasurer
19 is further authorized and empowered to make such requisitions or
20 withdrawals in accordance with such regulations relating thereto as
21 may be prescribed by the United States Secretary of the Treasury. No
22 portion of the amount requisitioned or withdrawn from the Federal
23 Treasury shall be expended for the purpose of administering the
24 "Temporary Disability Benefits Law."

25 (b) The State Treasurer is hereby authorized and directed to
26 requisition and withdraw within 90 days of this enactment, an
27 additional sum of \$50,000,000.00 from the amount of worker
28 contributions heretofore accumulated in the State unemployment
29 compensation fund and deposited in and credited to the account of this
30 State in the unemployment trust fund of the United States of America,
31 established and maintained pursuant to section 904 of the Social
32 Security Act, as amended (42 U.S.C. s.1104), and to deposit such
33 sums in the State disability benefits fund, established under the
34 "Temporary Disability Benefits Law." The State Treasurer is further
35 authorized and empowered to make such requisitions or withdrawals
36 in accordance with such regulations relating thereto as may be
37 prescribed by the United States Secretary of the Treasury. If the
38 balance in the State disability benefits fund as of December 31 of any
39 calendar year, increased by the contributions credited thereto on or
40 before, or as of January 31 immediately thereafter is in excess of
41 \$75,000,000.00, the excess shall be withdrawn from the State
42 disability benefits fund and deposited to the account of this State in the
43 unemployment trust fund until the entire \$50,000,000.00 requisitioned

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 and withdrawn under this subsection (b) has been returned and
2 deposited to the account of this State in the unemployment trust fund
3 pursuant to the provisions of this subsection (b) and subsection (c)
4 hereof. Such repayment to the unemployment trust fund shall be
5 considered in determining contribution rates by employers to the State
6 disability benefits fund under R.S.43:21-7(e). No portion of the
7 amount requisitioned or withdrawn from the Federal Treasury shall be
8 expended for the purpose of administering the "Temporary Disability
9 Benefits Law."

10 (c) The State Treasurer shall transfer from the State disability
11 benefits fund to the clearing account of the unemployment
12 compensation fund, as established under R.S.43:21-9, the sum of
13 \$25,000,000.00. Such transfer may be made at such times and in such
14 installments as the State Treasurer may deem proper, except that the
15 total sum shall have been transferred by no later than April 30, 1971.
16 Amounts transferred to the clearing account of the unemployment
17 compensation fund under this subsection shall be clear immediately
18 and shall be deposited with the Secretary of the Treasury of the United
19 States of America in accordance with the provisions of
20 R.S.43:21-9(b).

21 (d) The State Treasurer is hereby authorized and directed to
22 requisition and withdraw on or before December 31, 1985 a minimum
23 of \$50,000,000.00, at the discretion of the Commissioner of Labor,
24 from the State disability benefits fund established under section 22 of
25 P.L.1948, c.110 (C.43:21-46) and to deposit such sum in the clearing
26 account of the State unemployment compensation fund established
27 under R.S.43:21-9. The amount transferred under this subsection (d)
28 shall be cleared immediately and shall be deposited with the Secretary
29 of the Treasury of the United States of America, in accordance with
30 the provisions of R.S.43:21-9(b).

31 (e) The State Treasurer is hereby authorized and directed to
32 requisition and withdraw on or after July 1, 1992 an amount not
33 greater than \$25,000,000 from revenues received pursuant to
34 paragraph (1) of subsection (e) of R.S.43:21-7, at the discretion of the
35 Commissioner of Labor, from the State disability benefits fund
36 established pursuant to section 22 of P.L.1948, c.110 (C.43:21-46)
37 and to deposit that amount in the New Jersey Workforce Development
38 Partnership Fund created pursuant to section 9 of P.L.1992, c.43
39 (C.34:15D-9).

40 (f) The State Treasurer, in consultation with the Commissioner of
41 Labor, is hereby authorized and directed to requisition and withdraw
42 on or after July 1, 1994 from revenues received pursuant to paragraph
43 (1) of subsection (e) of R.S.43:21-7, an amount from the State
44 disability benefits fund not greater than 25% of the balance in that fund
45 as of June 30, 1994 and to deposit that amount in the clearing account
46 of the unemployment compensation fund established under

1 R.S.43:21-9. The amount transferred under this subsection (f) shall be
2 cleared immediately and shall be deposited with the Secretary of the
3 Treasury of the United States of America, in accordance with the
4 provisions of R.S.43:21-9(b).

5 (g) To the extent that funds from the General Fund are also
6 deposited into the clearing account subsequent to July 1, 1994 but
7 before October 2, 1994, such amount shall be reimbursed to the
8 General Fund from amounts collected pursuant to
9 R.S.43:21-7(d)(1)(G) and R.S.43:21-7(e) for quarterly periods ending
10 on or after September 30, 1994.

11 (h) The amount transferred from the State disability benefits fund
12 to the clearing account of the unemployment compensation fund under
13 subsection (f) of this section plus any amount reimbursed to the
14 General Fund in accordance with subsection (g) shall be repaid to the
15 State disability benefits fund from general State revenues with interest
16 at the rate earned by the investments made with moneys remaining in
17 the State disability benefits fund. The repayment period shall not
18 exceed ten years. The amount repaid each year shall be not less than
19 one tenth of the total amount transferred from the State disability
20 benefits fund to the clearing account of the unemployment
21 compensation fund under subsection (f) of this section, plus not less
22 than one tenth of the amount reimbursed to the General Fund in
23 accordance with subsection (g), plus accrued interest. The State
24 Treasurer shall, on or before the thirty-first day of January in 1995 and
25 in each subsequent year determine what amount shall be repaid to the
26 State disability benefits fund in the next commencing fiscal year, which
27 amount shall be consistent with the provisions of this subsection (h).
28 The Legislature shall appropriate that amount from the General Fund
29 to the State disability benefits fund. For purposes of determining the
30 balance in the State disability benefits fund as prescribed pursuant to
31 subparagraph (1) of subparagraph (E) of paragraph (3) of subsection
32 (e) of R.S.43:21-7, the amount transferred from the State disability
33 benefits fund to the unemployment compensation fund pursuant to
34 subsection (f) of this section and reimbursed to the General Fund
35 pursuant to subsection (g) of this section less repayments or other
36 reductions, plus accrued interest shall be included therein.

37 (i) The State Treasurer is hereby authorized and directed to
38 requisition and withdraw on or after July 1, 1996 an amount not
39 greater than \$250,000,000 from the State disability benefits fund and
40 to deposit that amount in the General Fund. For purposes of
41 determining the balance in the State disability benefits fund as
42 prescribed pursuant to subparagraph (1) of subparagraph (E) of
43 paragraph (3) of subsection (e) of R.S.43:21-7, the amount transferred
44 from the State disability benefits fund to the General Fund pursuant to
45 this subsection (i) shall be included therein.

46 (j) To ensure that the provisions of subsection (i) of this section do

1 not reduce or delay benefits payable pursuant to the "Temporary
2 Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et seq.),
3 whenever the amount in the State disability benefits fund is less than
4 the amount required to pay the benefits provided under that law and
5 the necessary costs of administering those benefits, the additional
6 amount required to pay the benefits and the administrative costs shall
7 be paid from the General Fund. The amounts paid from the General
8 Fund for benefits and administrative costs pursuant to this subsection
9 shall be repaid to the General Fund from the State disability benefits
10 fund at such time as the Treasurer determines that the repayment may
11 be made without reducing or delaying benefits payable pursuant to the
12 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et
13 seq.). The repayment to the General Fund from the State disability
14 benefits fund pursuant to this subsection (j) shall not effect an increase
15 in employee or employer contributions under subsection (d) or (e) of
16 R.S.43:21-7.

17 (k) The State Treasurer is hereby authorized and directed to
18 requisition and withdraw, in addition to the \$33,000,000 appropriated
19 from the State disability benefits fund pursuant to section 61 of
20 P.L.2001, c.130 for transfer to the General Fund, before July 1, 2002
21 an amount not greater than \$50,000,000 from the State disability
22 benefits fund and to deposit that amount in the General Fund, and in
23 addition, is hereby authorized and directed to requisition and withdraw
24 on or after July 1, 2003 an amount not greater than \$30,000,000 from
25 the State disability benefits fund and to deposit that amount in the
26 General Fund. Also, on or after July 1, 2004, the State Treasurer is
27 hereby authorized and directed to requisition and withdraw on or after
28 July 1, 2004 an amount not greater than \$110,000,000 from the State
29 disability benefits fund and to deposit that amount in the General Fund.
30 For purposes of determining the balance in the State disability benefits
31 fund as prescribed pursuant to subparagraph (1) of subparagraph (E)
32 of paragraph (3) of subsection (e) of R.S.43:21-7, the amount
33 transferred from the State disability benefits fund to the General Fund
34 pursuant to this subsection (k) shall be regarded as being included in
35 the State disability benefits fund.

36 (l) The State Treasurer is authorized to utilize funds from the State
37 disability benefits fund to purchase insurance, excess insurance or
38 reinsurance for the fund and to enter into whatever contracts are
39 needed to ensure that the provisions of subsection (k) of this section
40 do not reduce or delay benefits payable pursuant to the "Temporary
41 Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et seq.).

42 (cf: P.L.2003, c.109, s.1)

43

44 2. This act shall take effect immediately.

A3103 WISNIEWSKI

6

1 STATEMENT

2

3 This bill authorizes and directs State Treasurer, on or after July 1,
4 2004, to transfer an amount not greater than \$110,000,000 from the
5 State disability benefits fund to the General Fund.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3103

STATE OF NEW JERSEY

DATED: JUNE 15, 2004

The Assembly Budget Committee reports favorably Assembly Bill No. 3103.

Assembly Bill No. 3103 authorizes and directs the State Treasurer, on or after July 1, 2004, to transfer an amount not greater than \$110,000,000 from the State disability benefits fund to the General Fund.

FISCAL IMPACT:

This bill increases FY 2005 General Fund revenues by \$110 million and decreases State disability benefits fund (SDBF) assets by \$110 million. The SDBF, also known as the fund for Temporary Disability Insurance (TDI), provides wage replacement benefits for workers who become disabled due to injury or illness which occurs outside of employment, including disability related to pregnancy. The SDBF also is used to pay TDI program administrative costs, both to disburse State plan TDI benefits and to oversee private TDI plans. The fund is supported by employee and employer payroll tax contributions.

Upon approval of this bill, a total of \$110 million may be transferred to the General Fund for revenue purposes from the SDBF in FY2005, in addition to the \$32.0 million that is projected to be used to pay administrative costs of the program. Given year-end fund balances for FY2001-2003 of \$229.4 million, \$210.4 million and \$217.0 million respectively, it is projected that the SDBF can sustain a transfer of \$110 million to the General Fund, in addition to the \$32.0 million already estimated. Current law provides that upon passage of this bill, employer Temporary Disability Benefit taxes will be calculated as if the \$110 million transfer had not been transferred out of the SDBF. In addition, existing law authorizes the State Treasurer to expend SDBF resources to purchase insurance or make other contracts to prevent the SDBF transfer from reducing or delaying benefit payments.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 3103
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: JUNE 29, 2004

SUMMARY

Synopsis: Transfers \$110 million from State disability benefits fund to General Fund.

Type of Impact: Withdraws \$110 million from the State disability benefits fund for deposit in the General Fund.

Agencies Affected: Department of Labor

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State disability benefits fund	Decrease assets \$110 million	N.A.	N.A.
General Fund	Increases revenues \$110 million	N.A.	N.A.

- ! This bill transfers \$110 million to the General Fund from the State disability benefits fund, which at the end of FY 2003 had a balance of \$217 million and is projected to have a \$215.1 million balance at the end of FY 2004.
- ! The State disability benefits fund began FY 2003 with a balance of \$210.4 million, received revenues of approximately \$466.8 million and expended \$429.1 million, with an additional \$31.1 million transferred from the fund for Temporary Disability Insurance expenses.
- ! Employer Temporary Disability Insurance taxes will be calculated as if the \$110 million had not been transferred out of the fund.

BILL DESCRIPTION

Assembly Bill No. 3103 of 2004 transfers \$110 million from the State disability fund (SDBF) to the General Fund in fiscal year 2005.

FISCAL ANALYSIS***EXECUTIVE BRANCH***

None received.

OFFICE OF LEGISLATIVE SERVICES

The fiscal impact of this bill is to increase FY 2005 General Fund revenues by \$110 million and to decrease SDBF assets by \$110 million. The SDBF, also known as the fund for Temporary Disability Insurance (TDI), provides wage replacement benefits for workers who become disabled due to injury or illness which occurs outside of employment, including disability related to pregnancy. The SDBF also is used to pay TDI program administrative costs, both to disburse State plan TDI benefits and to oversee private TDI plans. The fund is supported by employee and employer payroll tax contributions.

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Section: *Commerce, Labor and Industry*

Analyst: *Sonya S. Davis*
Associate Fiscal Analyst

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

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

SENATE, No. 1655

STATE OF NEW JERSEY
211th LEGISLATURE

INTRODUCED JUNE 7, 2004

Sponsored by:

Senator RAYMOND J. LESNIAK

District 20 (Union)

SYNOPSIS

Transfers \$110 million from State disability benefits fund to General Fund.

CURRENT VERSION OF TEXT

As introduced.



S1655 LESNIAK

2

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13 unemployment compensation fund and deposited in and credited to the
14 account of this State in the unemployment trust fund of the United
15 States of America, established and maintained pursuant to section 904
16 of the Social Security Act, as amended (42 U.S.C. s.1104), and to
17 deposit such sums in the State disability benefits fund, established
18 under the "Temporary Disability Benefits Law." The State Treasurer
19 is further authorized and empowered to make such requisitions or
20 withdrawals in accordance with such regulations relating thereto as
21 may be prescribed by the United States Secretary of the Treasury. No
22 portion of the amount requisitioned or withdrawn from the Federal
23 Treasury shall be expended for the purpose of administering the
24 "Temporary Disability Benefits Law."

25 (b) The State Treasurer is hereby authorized and directed to
26 requisition and withdraw within 90 days of this enactment, an
27 additional sum of \$50,000,000.00 from the amount of worker
28 contributions heretofore accumulated in the State unemployment
29 compensation fund and deposited in and credited to the account of this
30 State in the unemployment trust fund of the United States of America,
31 established and maintained pursuant to section 904 of the Social
32 Security Act, as amended (42 U.S.C. s.1104), and to deposit such
33 sums in the State disability benefits fund, established under the
34 "Temporary Disability Benefits Law." The State Treasurer is further
35 authorized and empowered to make such requisitions or withdrawals
36 in accordance with such regulations relating thereto as may be
37 prescribed by the United States Secretary of the Treasury. If the
38 balance in the State disability benefits fund as of December 31 of any
39 calendar year, increased by the contributions credited thereto on or
40 before, or as of January 31 immediately thereafter is in excess of
41 \$75,000,000.00, the excess shall be withdrawn from the State
42 disability benefits fund and deposited to the account of this State in the
43 unemployment trust fund until the entire \$50,000,000.00 requisitioned
44 and withdrawn under this subsection (b) has been returned and

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.

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1 deposited to the account of this State in the unemployment trust fund
2 pursuant to the provisions of this subsection (b) and subsection (c)
3 hereof. Such repayment to the unemployment trust fund shall be
4 considered in determining contribution rates by employers to the State
5 disability benefits fund under R.S.43:21-7(e). No portion of the
6 amount requisitioned or withdrawn from the Federal Treasury shall be
7 expended for the purpose of administering the "Temporary Disability
8 Benefits Law."

9 (c) The State Treasurer shall transfer from the State disability
10 benefits fund to the clearing account of the unemployment
11 compensation fund, as established under R.S.43:21-9, the sum of
12 \$25,000,000.00. Such transfer may be made at such times and in such
13 installments as the State Treasurer may deem proper, except that the
14 total sum shall have been transferred by no later than April 30, 1971.
15 Amounts transferred to the clearing account of the unemployment
16 compensation fund under this subsection shall be clear immediately
17 and shall be deposited with the Secretary of the Treasury of the United
18 States of America in accordance with the provisions of
19 R.S.43:21-9(b).

20 (d) The State Treasurer is hereby authorized and directed to
21 requisition and withdraw on or before December 31, 1985 a minimum
22 of \$50,000,000.00, at the discretion of the Commissioner of Labor,
23 from the State disability benefits fund established under section 22 of
24 P.L.1948, c.110 (C.43:21-46) and to deposit such sum in the clearing
25 account of the State unemployment compensation fund established
26 under R.S.43:21-9. The amount transferred under this subsection (d)
27 shall be cleared immediately and shall be deposited with the Secretary
28 of the Treasury of the United States of America, in accordance with
29 the provisions of R.S.43:21-9(b).

30 (e) The State Treasurer is hereby authorized and directed to
31 requisition and withdraw on or after July 1, 1992 an amount not
32 greater than \$25,000,000 from revenues received pursuant to
33 paragraph (1) of subsection (e) of R.S.43:21-7, at the discretion of the
34 Commissioner of Labor, from the State disability benefits fund
35 established pursuant to section 22 of P.L.1948, c.110 (C.43:21-46)
36 and to deposit that amount in the New Jersey Workforce Development
37 Partnership Fund created pursuant to section 9 of P.L.1992, c.43
38 (C.34:15D-9).

39 (f) The State Treasurer, in consultation with the Commissioner of
40 Labor, is hereby authorized and directed to requisition and withdraw
41 on or after July 1, 1994 from revenues received pursuant to paragraph
42 (1) of subsection (e) of R.S.43:21-7, an amount from the State
43 disability benefits fund not greater than 25% of the balance in that fund
44 as of June 30, 1994 and to deposit that amount in the clearing account
45 of the unemployment compensation fund established under
46 R.S.43:21-9. The amount transferred under this subsection (f) shall be
47 cleared immediately and shall be deposited with the Secretary of the
48 Treasury of the United States of America, in accordance with the

1 provisions of R.S.43:21-9(b).

2 (g) To the extent that funds from the General Fund are also
3 deposited into the clearing account subsequent to July 1, 1994 but
4 before October 2, 1994, such amount shall be reimbursed to the
5 General Fund from amounts collected pursuant to
6 R.S.43:21-7(d)(1)(G) and R.S.43:21-7(e) for quarterly periods ending
7 on or after September 30, 1994.

8 (h) The amount transferred from the State disability benefits fund
9 to the clearing account of the unemployment compensation fund under
10 subsection (f) of this section plus any amount reimbursed to the
11 General Fund in accordance with subsection (g) shall be repaid to the
12 State disability benefits fund from general State revenues with interest
13 at the rate earned by the investments made with moneys remaining in
14 the State disability benefits fund. The repayment period shall not
15 exceed ten years. The amount repaid each year shall be not less than
16 one tenth of the total amount transferred from the State disability
17 benefits fund to the clearing account of the unemployment
18 compensation fund under subsection (f) of this section, plus not less
19 than one tenth of the amount reimbursed to the General Fund in
20 accordance with subsection (g), plus accrued interest. The State
21 Treasurer shall, on or before the thirty-first day of January in 1995 and
22 in each subsequent year determine what amount shall be repaid to the
23 State disability benefits fund in the next commencing fiscal year, which
24 amount shall be consistent with the provisions of this subsection (h).
25 The Legislature shall appropriate that amount from the General Fund
26 to the State disability benefits fund. For purposes of determining the
27 balance in the State disability benefits fund as prescribed pursuant to
28 subparagraph (1) of subparagraph (E) of paragraph (3) of subsection
29 (e) of R.S.43:21-7, the amount transferred from the State disability
30 benefits fund to the unemployment compensation fund pursuant to
31 subsection (f) of this section and reimbursed to the General Fund
32 pursuant to subsection (g) of this section less repayments or other
33 reductions, plus accrued interest shall be included therein.

34 (i) The State Treasurer is hereby authorized and directed to
35 requisition and withdraw on or after July 1, 1996 an amount not
36 greater than \$250,000,000 from the State disability benefits fund and
37 to deposit that amount in the General Fund. For purposes of
38 determining the balance in the State disability benefits fund as
39 prescribed pursuant to subparagraph (1) of subparagraph (E) of
40 paragraph (3) of subsection (e) of R.S.43:21-7, the amount transferred
41 from the State disability benefits fund to the General Fund pursuant to
42 this subsection (i) shall be included therein.

43 (j) To ensure that the provisions of subsection (i) of this section do
44 not reduce or delay benefits payable pursuant to the "Temporary
45 Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et seq.),
46 whenever the amount in the State disability benefits fund is less than
47 the amount required to pay the benefits provided under that law and
48 the necessary costs of administering those benefits, the additional

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1 amount required to pay the benefits and the administrative costs shall
2 be paid from the General Fund. The amounts paid from the General
3 Fund for benefits and administrative costs pursuant to this subsection
4 shall be repaid to the General Fund from the State disability benefits
5 fund at such time as the Treasurer determines that the repayment may
6 be made without reducing or delaying benefits payable pursuant to the
7 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et
8 seq.). The repayment to the General Fund from the State disability
9 benefits fund pursuant to this subsection (j) shall not effect an increase
10 in employee or employer contributions under subsection (d) or (e) of
11 R.S.43:21-7.

12 (k) The State Treasurer is hereby authorized and directed to
13 requisition and withdraw, in addition to the \$33,000,000 appropriated
14 from the State disability benefits fund pursuant to section 61 of
15 P.L.2001, c.130 for transfer to the General Fund, before July 1, 2002
16 an amount not greater than \$50,000,000 from the State disability
17 benefits fund and to deposit that amount in the General Fund, and in
18 addition, is hereby authorized and directed to requisition and withdraw
19 on or after July 1, 2003 an amount not greater than \$30,000,000 from
20 the State disability benefits fund and to deposit that amount in the
21 General Fund. Also, on or after July 1, 2004, the State Treasurer is
22 hereby authorized and directed to requisition and withdraw on or after
23 July 1, 2004 an amount not greater than \$110,000,000 from the State
24 disability benefits fund and to deposit that amount in the General Fund.
25 For purposes of determining the balance in the State disability benefits
26 fund as prescribed pursuant to subparagraph (1) of subparagraph (E)
27 of paragraph (3) of subsection (e) of R.S.43:21-7, the amount
28 transferred from the State disability benefits fund to the General Fund
29 pursuant to this subsection (k) shall be regarded as being included in
30 the State disability benefits fund.

31 (l) The State Treasurer is authorized to utilize funds from the State
32 disability benefits fund to purchase insurance, excess insurance or
33 reinsurance for the fund and to enter into whatever contracts are
34 needed to ensure that the provisions of subsection (k) of this section
35 do not reduce or delay benefits payable pursuant to the "Temporary
36 Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et seq.).
37 (cf: P.L.2003, c.109, s.1)

38

39 2. This act shall take effect immediately.

40

41

42

STATEMENT

43

44 This bill authorizes and directs State Treasurer, on or after July 1,
45 2004, to transfer an amount not greater than \$110,000,000 from the
46 State disability benefits fund to the General Fund.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1655

STATE OF NEW JERSEY

DATED: JUNE 14, 2004

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1655.

This bill authorizes and directs State Treasurer, on or after July 1, 2004, to transfer an amount not greater than \$110,000,000 from the State disability benefits fund to the General Fund.

FISCAL IMPACT

The fiscal impact of this bill is to increase FY 2005 General Fund revenues by \$110 million and to decrease State Disability Benefits Fund (SDBF) assets by \$110 million. The SDBF, also known as the fund for Temporary Disability Insurance (TDI), provides wage replacement benefits for workers who become disabled due to injury or illness which occurs outside of employment, including disability related to pregnancy. The SDBF also is used to pay TDI program administrative costs, both to disburse State plan TDI benefits and to oversee private TDI plans. The fund is supported by employee and employer payroll tax contributions.

Upon approval of this bill, a total of \$110 million may be transferred to the General Fund for revenue purposes from the SDBF in FY 2005, in addition to the \$32.0 million that is projected to be used to pay administrative costs of the program. Given year-end fund balances for 2001-2003 of \$229.4 million, \$210.4 million and \$217.0 million respectively, it is projected that the SDBF can sustain a transfer of \$110 million to the General Fund, in addition to the \$32.0 million already estimated. Current law provides that upon passage of this bill, employer Temporary Disability Benefit taxes will be calculated as if the \$110 million transfer had not been transferred out of the SDBF. In addition, existing law authorizes the State Treasurer to expend SDBF resources to purchase insurance or make other contracts to prevent the SDBF transfer from reducing or delaying benefit payments.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 1655
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: JUNE 29, 2004

SUMMARY

Synopsis: Transfers \$110 million from State disability benefits fund to General Fund.

Type of Impact: Withdraws \$110 million from the State disability benefits fund for deposit in the General Fund.

Agencies Affected: Department of Labor

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State disability benefits fund	Decrease assets \$110 million	N.A.	N.A.
General Fund	Increase revenues \$110 million	N.A.	N.A.

- ! This bill transfers \$110 million to the General Fund from the State disability benefits fund, which at the end of FY 2003 had a balance of \$217 million and is projected to have a \$215.1 million balance at the end of FY 2004.
- ! The State disability benefits fund began FY 2003 with a balance of \$210.4 million, received revenues of approximately \$466.8 million and expended \$429.1 million, with an additional \$31.1 million transferred from the fund for Temporary Disability Insurance expenses.
- ! Employer Temporary Disability Insurance taxes will be calculated as if the \$110 million had not been transferred out of the fund.

BILL DESCRIPTION

Senate Bill No. 1655 of 2004 transfers \$110 million from the State disability fund (SDBF) to the General Fund in fiscal year 2005.

FISCAL ANALYSIS***EXECUTIVE BRANCH***

None received.

OFFICE OF LEGISLATIVE SERVICES

The fiscal impact of this bill is to increase FY 2005 General Fund revenues by \$110 million and to decrease SDBF assets by \$110 million. The SDBF, also known as the fund for Temporary Disability Insurance (TDI), provides wage replacement benefits for workers who become disabled due to injury or illness which occurs outside of employment, including disability related to pregnancy. The SDBF also is used to pay TDI program administrative costs, both to disburse State plan TDI benefits and to oversee private TDI plans. The fund is supported by employee and employer payroll tax contributions.

Upon approval of this bill, a total of \$110 million may be transferred to the General Fund for revenue purposes from the SDBF in FY 2005, in addition to the \$32.0 million that is projected to be used to pay administrative costs of the program. Given year-end fund balances for 2001-2003 of \$229.4 million, \$210.4 million and \$217.0 million respectively, it is projected that the SDBF can sustain a transfer of \$110 million to the General Fund, in addition to the \$32.0 million already estimated. Current law provides that upon passage of this bill, employer Temporary Disability Benefit taxes will be calculated as if the \$110 million transfer had not been transferred out of the SDBF. In addition, existing law authorizes the State Treasurer to expend SDBF resources to purchase insurance or make other contracts to prevent the SDBF transfer from reducing or delaying benefit payments.

Section: *Commerce, Labor and Industry*

Analyst: *Sonya S. Davis*
Associate Fiscal Analyst

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

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