

43:21-7

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2005 **CHAPTER:** 123

NJSA: 43:21-7 (Redirects \$350 million in unemployment taxes to Heath Care Subsidy Fund)

BILL NO: S2607 (Substituted for A4406)

SPONSOR(S): Kenny and Diegnan

DATE INTRODUCED: June 16, 2005

COMMITTEE: **ASSEMBLY:**
SENATE: Budget and Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** June 30, 2005

SENATE: June 30, 2005

DATE OF APPROVAL: July 2, 2005

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (2nd reprint enacted)

S2607

[SPONSOR'S STATEMENT:](#) (Begins on page 26 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes [6-29-2005 \(Bud & App.\)](#)
[7-1-2005 \(Bud & App.\)](#)

FLOOR AMENDMENT STATEMENT: No

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

A4406

[SPONSOR'S STATEMENT:](#) (Begins on page 26 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** Yes [6-29-2005 \(Budget\)](#)
[7-1-2005 \(Budget\)](#)

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

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P.L. 2005, CHAPTER 123, *approved July 2, 2005*

Senate, No. 2607 (*Second Reprint*)

1 AN ACT ¹concerning the funding of certain hospital care and
2 unemployment compensation benefits by¹ redirecting ²[\$250]
3 \$350² million in payroll taxes from the unemployment
4 compensation fund to the Health Care Subsidy Fund ¹and extending
5 certain unemployment compensation benefits¹, and amending
6 R.S.43:21-7 ¹[and],¹ P.L.1992, c.160 ¹and P.L.1970, c.324¹.

7

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

10

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

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

23 (a) Payment.

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

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

35 (b) Rate of contributions. Each employer shall pay the following
36 contributions:

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

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SBA committee amendments adopted June 27, 2005.

² Senate SBA committee amendments adopted June 30, 2005.

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

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

37 (c) Future rates based on benefit experience.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32 (v) With respect to the experience rating year beginning on July 1,
33 2003, the new employer rate or the unemployment experience rate of
34 an employer under this section shall be the rate which appears in the
35 column headed by the Unemployment Trust Fund Reserve Ratio as of
36 the applicable calculation date and on the line with the Employer
37 Reserve Ratio, as defined in paragraph 4 of this subsection
38 (R.S.43:21-7 (c)(4)), as set forth in the following table:

EXPERIENCE RATING TAX TABLE					
Fund Reserve Ratio ¹					
	2.50%	2.00%	1.50%	1.00%	0.99%
Employer Reserve Ratio ²	and Over A	to B	to C	to D	and Under E
Positive Reserve Ratio:					
17% and over	0.3	0.4	0.5	0.6	1.2
16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
Deficit Reserve Ratio:					
-0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
-3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
-6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
-9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4
-12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5
-15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6
-20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7
-25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8
-30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9
-35.00% and under	5.4	5.4	5.8	6.4	7.0
New Employer Rate	2.8	2.8	2.8	3.1	3.4

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

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

(vi) With respect to experience rating years beginning on or after July 1, 2004, the new employer rate or the unemployment experience rate of an employer under this section shall be the rate which appears in the column headed by the Unemployment Trust Fund Reserve Ratio

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

4

5 **EXPERIENCE RATING TAX TABLE**

6 **Fund Reserve Ratio¹**

7

8	1.40%	1.00%	0.75%	0.50%	0.49%
9 Employer	and	to	to	to	and
10 Reserve	Over	1.39%	0.99%	0.74%	Under
11 Ratio ²	A	B	C	D	E
12 Positive Reserve Ratio:					
13 17% and over	0.3	0.4	0.5	0.6	1.2
14 16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
15 15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
16 14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
17 13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
18 12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
19 11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
20 10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
21 9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
22 8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
23 7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
24 6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
25 5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
26 4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
27 3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
28 2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
29 1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
30 0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
31 Deficit Reserve Ratio:					
32 -0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
33 -3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
34 -6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
35 -9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4
36 -12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5
37 -15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6
38 -20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7
39 -25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8
40 -30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9
41 -35.00% and under	5.4	5.4	5.8	6.4	7.0
42 New Employer Rate	2.8	2.8	2.8	3.1	3.4

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

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

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

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

9 (iii) With respect to experience rating years beginning on or after
10 July 1, 2004, if the fund reserve ratio, based on the fund balance as of
11 the prior March 31, is less than 0.50%, the contribution rate for each
12 employer liable to pay contributions, as computed under subparagraph
13 (E) of this paragraph (5), shall be increased by a factor of 10%
14 computed to the nearest multiple of 1/10% if not already a multiple
15 thereof.

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

27 (H) On or after January 1, 1993 until December 31, 1993,
28 notwithstanding any other provisions of this paragraph (5), the
29 contribution rate for each employer liable to pay contributions, as
30 computed under subparagraph (E) of this paragraph (5), shall be
31 decreased by a factor of 52.0% computed to the nearest multiple of
32 1/10%, except that, if an employer has a deficit reserve ratio of
33 negative 35.0% or under, the employer's rate of contribution shall not
34 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
35 amount of the reduction in the employer contributions stipulated by
36 this subparagraph (H) shall be in addition to the amount of the
37 reduction in the employer contributions stipulated by subparagraph (G)
38 of this paragraph (5), except that the rate of contribution of an
39 employer who has a deficit reserve ratio of negative 35.0% or under
40 shall not be reduced pursuant to this subparagraph (H) to less than
41 5.4% and the rate of contribution of any other employer shall not be
42 reduced to less than 0.0%. On or after January 1, 1994 until
43 December 31, 1995, except as provided pursuant to subparagraph (I)
44 of this paragraph (5), notwithstanding any other provisions of this
45 paragraph (5), the contribution rate for each employer liable to pay
46 contributions, as computed under subparagraph (E) of this paragraph

1 (5), shall be decreased by a factor of 36.0% computed to the nearest
2 multiple of 1/10%, except that, if an employer has a deficit reserve
3 ratio of negative 35.0% or under, the employer's rate of contribution
4 shall not be reduced pursuant to this subparagraph (H) to less than
5 5.4%. The amount of the reduction in the employer contributions
6 stipulated by this subparagraph (H) shall be in addition to the amount
7 of the reduction in the employer contributions stipulated by
8 subparagraph (G) of this paragraph (5), except that the rate of
9 contribution of an employer who has a deficit reserve ratio of negative
10 35.0% or under shall not be reduced pursuant to this subparagraph (H)
11 to less than 5.4% and the rate of contribution of any other employer
12 shall not be reduced to less than 0.0%.

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

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

42 On and after January 1, 1998 until December 31, 2000 and on or
43 after January 1, 2002 until June 30, [2004] 2006, the contribution rate
44 for each employer liable to pay contributions, as computed under
45 subparagraph (E) of this paragraph (5), shall be decreased by a factor,
46 as set out below, computed to the nearest multiple of 1/10%, except

1 that, if an employer has a deficit reserve ratio of negative 35.0% or
2 under, the employer's rate of contribution shall not be reduced
3 pursuant to this subparagraph (H) to less than 5.4%:

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

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

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

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

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

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

10 From July 1, 2003 until June 30, 2004, a factor of 15%; [and]

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

12 From July 1, 2005 until June 30, 2006, a factor of 16%.

13 The amount of the reduction in the employer contributions
14 stipulated by this subparagraph (H) shall be in addition to the amount
15 of the reduction in the employer contributions stipulated by
16 subparagraph (G) of this paragraph (5), except that the rate of
17 contribution of an employer who has a deficit reserve ratio of negative
18 35.0% or under shall not be reduced pursuant to this subparagraph (H)
19 to less than 5.4% and the rate of contribution of any other employer
20 shall not be reduced to less than 0.0%.

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

25 If, upon calculating the unemployment compensation fund reserve
26 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, 1997,
27 March 31, 1998 or March 31, 1999, the controller finds that the fund
28 reserve ratio has decreased to a level of less than 3.00%, the
29 Commissioner of Labor shall notify the State Treasurer of this fact and
30 of the dollar amount necessary to bring the fund reserve ratio up to a
31 level of 3.00%. The State Treasurer shall, prior to March 31, 1997,
32 March 31, 1998 or March 31, 1999, as applicable, transfer from the
33 General Fund to the unemployment compensation fund, revenues in
34 the amount specified by the commissioner and which, upon deposit in
35 the unemployment compensation fund, shall result, upon recalculation,
36 in a fund reserve ratio used to determine employer contributions
37 beginning July 1, 1997, July 1, 1998, July 1, 1999, as applicable, of
38 at least 3.00%. If, upon calculating the unemployment compensation
39 fund reserve ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March
40 31, 2000, the controller finds that the fund reserve ratio has decreased
41 to a level of less than 3.00%, the Commissioner of Labor and
42 Workforce Development shall notify the State Treasurer of this fact
43 and of the dollar amount necessary to bring the fund reserve ratio up
44 to a level of 3.00%. The State Treasurer shall, prior to March 31,
45 2000, transfer from the General Fund to the unemployment
46 compensation fund, revenues in the amount specified by the

1 commissioner and which, upon deposit in the unemployment
2 compensation fund, shall result, upon recalculation, in a fund reserve
3 ratio used to determine employer contributions beginning July 1, 2000
4 of at least 3.00%.

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

21 (6) Additional contributions.

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

44 (7) Transfers.

45 (A) Upon the transfer of the organization, trade or business, or
46 substantially all the assets of an employer to a successor in interest,

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

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

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

46 (d) Contributions of workers to the unemployment compensation

1 fund and the State disability benefits fund.

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

15 (B) Effective January 1, 1978 there shall be no contributions by
16 workers in the employ of any governmental or nongovernmental
17 employer electing or required to make payments in lieu of
18 contributions unless the employer is covered by the State plan under
19 the "Temporary Disability Benefits Law" [(C.43:21-37 et seq.)]
20 (C.43:21-25 et seq.), and in that case contributions shall be at the rate
21 of 1/2 of 1%, except that commencing July 1, 1986, workers in the
22 employ of any nongovernmental employer electing or required to make
23 payments in lieu of contributions shall be required to make
24 contributions to the fund at the same rate prescribed for workers of
25 other nongovernmental employers.

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

1 Benefits Law" under section 7 of that law, P.L.1948, c.110
2 (C.43:21-31) or any other provision of that law, or is covered for
3 disability benefits by an approved private plan of the employer, the
4 contributions to the fund shall be 0.125%.

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

6 (D) Notwithstanding any other provisions of this paragraph (1),
7 during the period starting January 1, 1993 and ending June 30, 1994,
8 each worker shall contribute to the unemployment compensation fund
9 0.5% of 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. No contributions, however,
18 shall be made by the worker while the worker is covered by an
19 approved private plan under the "Temporary Disability Benefits Law,"
20 P.L.1948, c.110 (C.43:21-25 et seq.) or while the worker is exempt
21 under section 7 of P.L.1948, c.110 (C.43:21-31) or any other
22 provision of that law; provided that the contributions shall be at the
23 rate of 0.50% of wages paid with respect to employment with the
24 State of New Jersey or any other governmental entity or
25 instrumentality electing or required to make payments in lieu of
26 contributions and which is covered by the State plan under the
27 "Temporary Disability Benefits Law," except that, while the worker is
28 exempt from the provisions of the "Temporary Disability Benefits
29 Law" under section 7 of that law, P.L.1948, c.110 (C.43:21-31) or any
30 other provision of that law, or is covered for disability benefits by an
31 approved private plan of the employer, no contributions shall be made
32 to the fund.

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

1 of contributions.

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

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

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

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

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

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

45 (F) As used in this chapter (R.S.43:21-1 et seq.), except when the
46 context clearly requires otherwise, the term "contributions" shall

1 include the contributions of workers pursuant to this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 (ii) $\frac{45}{100}$ of 1% if such excess over \$500.00 equals or exceeds
31 $\frac{1}{4}$ of 1% but is less than $\frac{1}{2}$ of 1% of his average annual payroll;

32 (iii) $\frac{55}{100}$ of 1% if such excess over \$500.00 equals or exceeds
33 $\frac{1}{2}$ of 1% but is less than $\frac{3}{4}$ of 1% of his average annual payroll;

34 (iv) $\frac{65}{100}$ of 1% if such excess over \$500.00 equals or exceeds
35 $\frac{3}{4}$ of 1% but is less than 1% of his average annual payroll;

36 (v) $\frac{75}{100}$ of 1% if such excess over \$500.00 equals or exceeds
37 1% of his average annual payroll.

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

44 (E) (1) Prior to July 1 of each calendar year the controller shall
45 determine the amount of the State disability benefits fund as of
46 December 31 of the preceding calendar year, increased by the

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

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

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

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

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

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

1 determination made by the controller with respect to any 12-month
2 period commencing on July 1, 1970, the final rates for all employers
3 for the period beginning January 1, 1971, shall be as set forth herein.
4 (cf: P.L.2004, c.45, s.2)

5
6 2. Section 29 of P.L.1992, c.160 (C.43:21-7b) is amended to read
7 as follows:

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

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

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

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

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

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

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

44 Also beginning on January 1, 1998 until December 31, 2000, and
45 beginning on January 1, 2002 and ending June 30, [2005] 2006, each
46 employer shall, in such a manner and at such times as determined by

1 the commissioner, contribute to the fund an amount equal to the
2 amount that the employer's contribution to the unemployment
3 compensation fund is decreased pursuant to subparagraph (H) of
4 paragraph (5) of subsection (c) of R.S.43:21-7.

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

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

1 in the unemployment compensation fund. If the total amount of
 2 contributions made to the fund pursuant to this section for the fiscal
 3 year 2003 or fiscal year 2004 exceeds \$325 million, all contributions
 4 which exceed \$325 million in the fiscal year 2003 or fiscal year 2004
 5 shall be deposited in the unemployment compensation fund. If the
 6 total amount of contributions made to the fund pursuant to this section
 7 for the fiscal year 2005 exceeds \$100 million, all contributions which
 8 exceed \$100 million in the fiscal year 2005 shall be deposited in the
 9 unemployment compensation fund. If the total amount of
 10 contributions made to the fund pursuant to this section for the fiscal
 11 year 2006 exceeds ²[\$250] \$350² million, all contributions which
 12 exceed ²[\$250] \$350² million in the fiscal year 2006 shall be
 13 deposited in the unemployment compensation fund.

14 d. All necessary administrative costs related to the collection of
 15 contributions pursuant to this section shall be paid from the
 16 contributions.

17 (cf: P.L.2004, c.45, s.3)

18

19 ¹3. Section 5 of P.L.1970, c.324 (C.43:21-24.11) is amended to
 20 read as follows:

21 5. For the purposes of the extended benefit program and as used
 22 in this act, unless the context clearly requires otherwise:

23 a. "Extended benefit period" means a period which

24 (1) Begins with the third week after a week for which there is a
 25 state "on" indicator; and

26 (2) Ends with either of the following weeks, whichever occurs
 27 later:

28 (a) The third week after the first week for which there is a state
 29 "off" indicator; or

30 (b) The thirteenth consecutive week of such period; provided, that
 31 no extended benefit period may begin by reason of a state "on"
 32 indicator before the fourteenth week after the close of a prior extended
 33 benefit period which was in effect with respect to this State; and
 34 provided further, that no extended benefit period may become
 35 effective in this State prior to the effective date of this act.

36 b. (Deleted by amendment.)

37 c. (Deleted by amendment.)

38 d. There is a "state 'on' indicator" for this State for a week if
 39 **[the]**:

40 (1) The division determines, in accordance with the regulations of
 41 the United States Secretary of Labor, that for the period consisting of
 42 the respective week and the immediately preceding 12 weeks, the rate
 43 of insured unemployment (not seasonally adjusted) under the
 44 **[Unemployment Compensation Law] "unemployment compensation**
 45 **law"** (R.S.43:21-1 et seq.):

46 **[(1)] (a)** Equaled or exceeded 120% of the average of these rates

1 for the corresponding 13-week period during each of the preceding 2
2 calendar years, and [equaled or exceeded 4%; provided that], for
3 weeks beginning after September 25, 1982, [the rate] equaled or
4 exceeded 5%; or

5 ~~[(2)] (b)~~ With respect to benefits for weeks of unemployment
6 beginning after [March 30, 1977, equaled or exceeded 5%; provided
7 that for weeks beginning after] September 25, 1982, [the rate]
8 equaled or exceeded 6%; or

9 (2) With respect to any week of unemployment beginning after
10 December 27, 2003, the average seasonally adjusted rate of total
11 unemployment in the State, as determined by the United States
12 Secretary of Labor for the most recent three-month period for which
13 data for all states are published:

14 (a) Equals or exceeds 6.5%; and

15 (b) Equals or exceeds 110% of the average seasonally adjusted rate
16 of total unemployment in the State during either or both of the
17 corresponding three-month periods ending in the two preceding
18 calendar years.

19 e. There is a "state 'off' indicator" for this State for a week if the
20 division determines, in accordance with the regulations of the United
21 States Secretary of Labor, that for the period consisting of the
22 respective week and the immediately preceding 12 weeks, neither
23 [subparagraph] paragraph (1) or (2) of [paragraph] subsection d. was
24 satisfied.

25 f. "Rate of insured unemployment," for purposes of subsections d.
26 and e. means the percentage derived by dividing

27 (1) The average weekly number of individuals filing claims for
28 regular benefits in this State for weeks of unemployment with respect
29 to the most recent 13-consecutive-week period, as determined by the
30 division on the basis of its reports to the United States Secretary of
31 Labor, by

32 (2) The average monthly covered employment for the specified
33 period.

34 g. "Regular benefits" means benefits payable to an individual under
35 the [Unemployment Compensation Law] "unemployment
36 compensation law" (R.S.43:21-1 et seq.) or under any other State law
37 (including benefits payable to federal civilian employees and to
38 ex-servicemen pursuant to 5 U.S.C.[chapter 85] 8501 et seq.) other
39 than extended benefits.

40 h. "Extended benefits" means benefits (including benefits payable
41 to federal civilian employees and to ex-servicemen pursuant to 5
42 U.S.C.[chapter 85] 8501 et seq.) payable to an individual under the
43 provisions of this act for weeks of unemployment in his eligibility
44 period.

45 i. "Eligibility period" of an individual means the period consisting

1 of the weeks in his benefit year which begin in an extended benefit
2 period and, if his benefit year ends within the extended benefit period,
3 any weeks thereafter which begin in the period.

4 j. "Exhaustee" means an individual who, with respect to any week
5 of unemployment in his eligibility period:

6 (1) Has received prior to the week, all of the regular benefits that
7 were available to him under the [Unemployment Compensation Law]
8 "unemployment compensation law" (R.S. 43:21-1 et seq.) or any other
9 State law (including dependents' allowances and benefits payable to
10 federal civilian employees and ex-servicemen under 5 U.S.C. [chapter
11 85] 8501 et seq.) in his current benefit year that includes such week,
12 provided, that for the purposes of this [subparagraph] paragraph, an
13 individual shall be deemed to have received all of the regular benefits
14 that were available to him although as a result of a pending appeal
15 with respect to wages and/or employment that were not considered in
16 the original monetary determination in his benefit year, he may
17 subsequently be determined to be entitled to added regular benefits; or

18 (2) His benefit year having expired prior to such week, has no, or
19 insufficient, wages and/or employment on the basis of which he could
20 establish a new benefit year that would include such week; and

21 (3) (a) has no right to unemployment benefits or allowances, as
22 the case may be, under the Railroad Unemployment Insurance Act, the
23 Trade Expansion Act of 1962, the Automotive Products Trade Act of
24 1965 and such other federal laws as are specified in regulations issued
25 by the United States Secretary of Labor; and

26 (b) has not received and is not seeking unemployment benefits
27 under the Unemployment Compensation Law of Canada; but if he is
28 seeking these benefits and the appropriate agency finally determines
29 that he is not entitled to benefits under that law he is considered an
30 exhaustee if the other provisions of this definition are met.

31 k. "State law" means the unemployment insurance law of any state
32 approved by the United States Secretary of Labor under section 3304
33 of the Internal Revenue Code of [~~1954~~] 1986, 26 U.S.C. s.3304.

34 l. "High unemployment period" means any period beginning after
35 December 27, 2003 during which the average seasonally adjusted rate
36 of total unemployment in the State, as determined by the United States
37 Secretary of Labor for the most recent three-month period for which
38 data for all states are published:

39 (1) Equals or exceeds 8%; and

40 (2) Equals or exceeds 110% of the average seasonally adjusted rate
41 of total unemployment in the State during either or both of the
42 corresponding three-month periods ending in the two preceding
43 calendar years.¹

44 (cf: P.L.1982, c.144, s.1)

45
46 ¹4. Section 9 of P.L.1970, c.324 (C.43:21-24.15) is amended to

1 read as follows:

2 9. ~~【The】~~ a. Except as provided in subsection b. of this section, the
 3 total extended benefit amount payable to any eligible individual with
 4 respect to his applicable benefit year shall be the lesser of the
 5 following amounts:

6 ~~【a.】~~ (1) 50% of the total of regular benefits which were payable
 7 to him under the 【Unemployment Compensation Law】 "unemployment
 8 compensation law" (R.S.43:21-1 et seq.) in his applicable benefit year;
 9 or

10 ~~【b.】~~ (2) Thirteen times his weekly benefit amount which was
 11 payable to him under the 【Unemployment Compensation Law】
 12 "unemployment compensation law" (R.S.43:21-1 et seq.) for a week
 13 of total unemployment in the applicable benefit year.

14 b. With respect to weeks beginning during a high unemployment
 15 period, the total extended benefit amount payable to an eligible
 16 individual with respect to his applicable benefit year shall be the lesser
 17 of the following amounts:

18 (1) 80% of the total of regular benefits which were payable to the
 19 individual under the "unemployment compensation law" (R.S.43:21-1
 20 et seq.) during the applicable benefit year; or

21 (2) Twenty times the weekly benefit amount which was payable to
 22 the individual under the "unemployment compensation law"
 23 (R.S.43:21-1 et seq.) for a week of total unemployment during the
 24 applicable benefit year.

25 c. Notwithstanding any other provisions of the ~~【Unemployment~~
 26 ~~Compensation Law】~~ "unemployment compensation law" (R.S.43:21-1
 27 et seq.), if the benefit year of an adversely affected worker covered by
 28 a certification under subchapter A, chapter 2, Title II of the Trade Act
 29 of 1974, P.L.93-618, 【5 U.S.C.5312 et seq.】 19 U.S.C. s.2271 et seq.
 30 as amended, ends within an extended benefit period, the remaining
 31 balance of extended benefits that the individual would, but for this
 32 section, be entitled to receive in that extended benefit period, with
 33 respect to weeks of unemployment beginning after the end of the
 34 benefit year, shall be reduced (but not below zero) by the product of
 35 the number of weeks for which the individual received any amounts as
 36 trade readjustment allowances within that benefit year, multiplied by
 37 the individual's weekly benefit amount for extended benefits.¹

38 (cf: P.L.1982, c.144, s.3)

39

40 ¹~~【3.】~~ 5.¹ This act shall take effect immediately.

41

42

43

44 Redirects \$350 million in unemployment taxes to Health Care Subsidy
 45 Fund and modifies UI benefits.

SENATE, No. 2607

STATE OF NEW JERSEY
211th LEGISLATURE

INTRODUCED JUNE 16, 2005

Sponsored by:

Senator BERNARD F. KENNY, JR.

District 33 (Hudson)

SYNOPSIS

Redirects \$250 million in unemployment taxes to Health Care Subsidy Fund.

CURRENT VERSION OF TEXT

As introduced.



S2607 KENNY

2

1 **AN ACT** redirecting \$250 million in payroll taxes from the
2 unemployment compensation fund to the Health Care Subsidy
3 Fund, 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 and Workforce Development on or before
17 September 1 of the preceding year and shall be, 28 times the Statewide
18 average weekly remuneration paid to workers by employers, as
19 determined under R.S.43:21-3(c), raised to the next higher multiple of
20 \$100.00 if not already a multiple thereof, provided that if the amount
21 of wages so determined for a calendar year is less than the amount
22 similarly determined for the preceding year, the greater amount will be
23 used; provided, further, that if the amount of such wages so
24 determined does not equal or exceed the amount of wages as defined
25 in subsection (b) of section 3306 of the Federal Unemployment Tax
26 Act, Chapter 23 of the Internal Revenue Code of 1986 (26 U.S.C.
27 s.3306(b)), the wages as determined in this paragraph in any calendar
28 year shall be raised to equal the amount established under the Federal
29 Unemployment Tax Act for that 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
35 other 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
37 in 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) (Deleted by amendment, P.L.2003, c.107).

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

25 (v) With respect to the experience rating year beginning on July 1,
 26 2003, the new employer rate or the unemployment experience rate of
 27 an employer under this section shall be the rate which appears in the
 28 column headed by the Unemployment Trust Fund Reserve Ratio as of
 29 the applicable calculation date and on the line with the Employer
 30 Reserve Ratio, as defined in paragraph 4 of this subsection
 31 (R.S.43:21-7 (c)(4)), as set forth in the following table:

32
 33 EXPERIENCE RATING TAX TABLE

34 Fund Reserve Ratio¹

	2.50%	2.00%	1.50%	1.00%	0.99%
Employer	and	to	to	to	and
Reserve	Over	2.49%	1.99%	1.49%	Under
Ratio ²	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 ¹Fund balance as of March 31 as a percentage of taxable wages in
 26 the prior calendar year.

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

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

36

EXPERIENCE RATING TAX TABLE

37

Fund Reserve Ratio¹

38

39		1.40%	1.00%	0.75%	0.50%	0.49%
40						
41	Employer	and	to	to	to	and
42	Reserve	Over	1.39%	0.99%	0.74%	Under
43	Ratio ²	A	B	C	D	E

44 Positive Reserve Ratio:

45	17% and over	0.3	0.4	0.5	0.6	1.2
46	16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2

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

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

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

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

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

41 (iii) With respect to experience rating years beginning on or after
42 July 1, 2004, if the fund reserve ratio, based on the fund balance as of
43 the prior March 31, is less than 0.50%, the contribution rate for each
44 employer liable to pay contributions, as computed under subparagraph
45 (E) of this paragraph (5), shall be increased by a factor of 10%
46 computed to the nearest multiple of 1/10% if not already a multiple

1 thereof.

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

13 (H) On or after January 1, 1993 until December 31, 1993,
14 notwithstanding any other provisions of this paragraph (5), the
15 contribution rate for each employer liable to pay contributions, as
16 computed under subparagraph (E) of this paragraph (5), shall be
17 decreased by a factor of 52.0% computed to the nearest multiple of
18 1/10%, except that, if an employer has a deficit reserve ratio of
19 negative 35.0% or under, the employer's rate of contribution shall not
20 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
21 amount of the reduction in the employer contributions stipulated by
22 this subparagraph (H) shall be in addition to the amount of the
23 reduction in the employer contributions stipulated by subparagraph (G)
24 of this paragraph (5), except that the rate of contribution of an
25 employer who has a deficit reserve ratio of negative 35.0% or under
26 shall not be reduced pursuant to this subparagraph (H) to less than
27 5.4% and the rate of contribution of any other employer shall not be
28 reduced to less than 0.0%. On or after January 1, 1994 until
29 December 31, 1995, except as provided pursuant to subparagraph (I)
30 of this paragraph (5), notwithstanding any other provisions of this
31 paragraph (5), the contribution rate for each employer liable to pay
32 contributions, as computed under subparagraph (E) of this paragraph
33 (5), shall be decreased by a factor of 36.0% computed to the nearest
34 multiple of 1/10%, except that, if an employer has a deficit reserve
35 ratio of negative 35.0% or under, the employer's rate of contribution
36 shall not be reduced pursuant to this subparagraph (H) to less than
37 5.4%. The amount of the reduction in the employer contributions
38 stipulated by this subparagraph (H) shall be in addition to the amount
39 of the reduction in the employer contributions stipulated by
40 subparagraph (G) of this paragraph (5), except that the rate of
41 contribution of an employer who has a deficit reserve ratio of negative
42 35.0% or under shall not be reduced pursuant to this subparagraph (H)
43 to less than 5.4% and the rate of contribution of any other employer
44 shall not be reduced to less than 0.0%.

45 On or after April 1, 1996 until December 31, 1996, the contribution
46 rate for each employer liable to pay contributions, as computed under

1 subparagraph (E) of this paragraph (5), shall be decreased by a factor
2 of 25.0% computed to the nearest multiple of 1/10%, except that, if
3 an employer has a deficit reserve ratio of negative 35.0% or under, the
4 employer's rate of contribution shall not be reduced pursuant to this
5 subparagraph (H) to less than 5.4%. The amount of the reduction in
6 the employer contributions stipulated by this subparagraph (H) shall
7 be in addition to the amount of the reduction in the employer
8 contributions stipulated by subparagraph (G) of this paragraph (5),
9 except that the rate of contribution of an employer who has a deficit
10 reserve ratio of negative 35.0% or under shall not be reduced pursuant
11 to this subparagraph (H) to less than 5.4% and the rate of contribution
12 of any other employer shall not be reduced to less than 0.0%.

13 On or after January 1, 1997 until December 31, 1997, the
14 contribution rate for each employer liable to pay contributions, as
15 computed under subparagraph (E) of this paragraph (5), shall be
16 decreased by a factor of 10.0% computed to the nearest multiple of
17 1/10%, except that, if an employer has a deficit reserve ratio of
18 negative 35.0% or under, the employer's rate of contribution shall not
19 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
20 amount of the reduction in the employer contributions stipulated by
21 this subparagraph (H) shall be in addition to the amount of the
22 reduction in the employer contributions stipulated by subparagraph (G)
23 of this paragraph (5), except that the rate of contribution of an
24 employer who has a deficit reserve ratio of negative 35.0% or under
25 shall not be reduced pursuant to this subparagraph (H) to less than
26 5.4% and the rate of contribution of any other employer shall not be
27 reduced to less than 0.0%.

28 On and after January 1, 1998 until December 31, 2000 and on or
29 after January 1, 2002 until June 30, ~~[2004]~~ 2006, the contribution rate
30 for each employer liable to pay contributions, as computed under
31 subparagraph (E) of this paragraph (5), shall be decreased by a factor,
32 as set out below, computed to the nearest multiple of 1/10%, except
33 that, if an employer has a deficit reserve ratio of negative 35.0% or
34 under, the employer's rate of contribution shall not be reduced
35 pursuant to this subparagraph (H) to less than 5.4%:

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

45 The amount of the reduction in the employer contributions
46 stipulated by this subparagraph (H) shall be in addition to the amount

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

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

11 If, upon calculating the unemployment compensation fund reserve
12 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, 1997,
13 March 31, 1998 or March 31, 1999, the controller finds that the fund
14 reserve ratio has decreased to a level of less than 3.00%, the
15 Commissioner of Labor shall notify the State Treasurer of this fact and
16 of the dollar amount necessary to bring the fund reserve ratio up to a
17 level of 3.00%. The State Treasurer shall, prior to March 31, 1997,
18 March 31, 1998 or March 31, 1999, as applicable, transfer from the
19 General Fund to the unemployment compensation fund, revenues in
20 the amount specified by the commissioner and which, upon deposit in
21 the unemployment compensation fund, shall result, upon recalculation,
22 in a fund reserve ratio used to determine employer contributions
23 beginning July 1, 1997, July 1, 1998, July 1, 1999, as applicable, of
24 at least 3.00%. If, upon calculating the unemployment compensation
25 fund reserve ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March
26 31, 2000, the controller finds that the fund reserve ratio has decreased
27 to a level of less than 3.00%, the Commissioner of Labor and
28 Workforce Development shall notify the State Treasurer of this fact
29 and of the dollar amount necessary to bring the fund reserve ratio up
30 to a level of 3.00%. The State Treasurer shall, prior to March 31,
31 2000, transfer from the General Fund to the unemployment
32 compensation fund, revenues in the amount specified by the
33 commissioner and which, upon deposit in the unemployment
34 compensation fund, shall result, upon recalculation, in a fund reserve
35 ratio used to determine employer contributions beginning July 1, 2000
36 of at least 3.00%.

37 (J) On or after July 1, 2001, notwithstanding any other provisions
38 of this paragraph (5), the contribution rate for each employer liable to
39 pay contributions, as computed under subparagraph (E) of this
40 paragraph (5), shall be decreased by 0.0175%, except that, during any
41 experience rating year starting on or after July 1, 2001, in which the
42 fund reserve ratio is equal to or greater than 3.5%, there shall be no
43 decrease pursuant to this subparagraph (J) in the contribution of any
44 employer who has a deficit reserve ratio of negative 35.00% or under.
45 The amount of the reduction in the employer contributions stipulated
46 by this subparagraph (J) shall be in addition to the amount of the

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

7 (6) Additional contributions.

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

30 (7) Transfers.

31 (A) Upon the transfer of the organization, trade or business, or
32 substantially all the assets of an employer to a successor in interest,
33 whether by merger, consolidation, sale, transfer, descent or otherwise,
34 the controller shall transfer the employment experience of the
35 predecessor employer to the successor in interest, including credit for
36 past years, contributions paid, annual payrolls, benefit charges, et
37 cetera, applicable to such predecessor employer, pursuant to
38 regulation, if it is determined that the employment experience of the
39 predecessor employer with respect to the organization, trade, assets
40 or business which has been transferred may be considered indicative
41 of the future employment experience of the successor in interest.
42 Unless the predecessor employer was owned or controlled (by legally
43 enforceable means or otherwise), directly or indirectly, by the
44 successor in interest, or the predecessor employer and the successor
45 in interest were owned or controlled (by legally enforceable means or
46 otherwise), directly or indirectly, by the same interest or interests, the

1 transfer of the employment experience of the predecessor shall not be
2 effective if such successor in interest, within four months of the date
3 of such transfer of the organization, trade, assets or business, or
4 thereafter upon good cause shown, files a written notice protesting the
5 transfer of the employment experience of the predecessor employer.

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

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

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

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

1 (B) Effective January 1, 1978 there shall be no contributions by
2 workers in the employ of any governmental or nongovernmental
3 employer electing or required to make payments in lieu of
4 contributions unless the employer is covered by the State plan under
5 the "Temporary Disability Benefits Law" [(C.43:21-37 et seq.)]
6 (C.43:21-25 et seq.), and in that case contributions shall be at the rate
7 of 1/2 of 1%, except that commencing July 1, 1986, workers in the
8 employ of any nongovernmental employer electing or required to make
9 payments in lieu of contributions shall be required to make
10 contributions to the fund at the same rate prescribed for workers of
11 other nongovernmental employers.

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

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

38 (D) Notwithstanding any other provisions of this paragraph (1),
39 during the period starting January 1, 1993 and ending June 30, 1994,
40 each worker shall contribute to the unemployment compensation fund
41 0.5% of wages paid with respect to the worker's employment with a
42 governmental employer electing or required to pay contributions or
43 nongovernmental employer, including a nonprofit organization which
44 is an employer as defined under paragraph (6) of subsection (h) of
45 R.S.43:21-19, regardless of whether that nonprofit organization elects
46 or is required to finance its benefit costs with contributions to the fund

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

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

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

1 governmental entity or instrumentality electing or required to make
2 payments in lieu of contributions.

3 Each worker shall, starting on January 1, 1999 until December 31,
4 1999, contribute to the unemployment compensation fund 0.15% of
5 wages paid with respect to the worker's employment with a
6 governmental employer electing or required to pay contributions or
7 nongovernmental employer, including a nonprofit organization which
8 is an employer as defined under paragraph (6) of subsection (h) of
9 R.S.43:21-19, regardless of whether that nonprofit organization elects
10 or is required to finance its benefit costs with contributions to the fund
11 or by payments in lieu of contributions, after that employer has
12 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
13 with respect to becoming an employer, provided that the contributions
14 shall be at the rate of 0.10% of wages paid with respect to
15 employment with the State of New Jersey or any other governmental
16 entity or instrumentality electing or required to make payments in lieu
17 of contributions.

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

33 Each worker shall, starting on January 1, 2002 until June 30, 2004,
34 contribute to the unemployment compensation fund 0.1825% of wages
35 paid with respect to the worker's employment with a governmental
36 employer electing or required to pay contributions or a
37 nongovernmental employer, including a nonprofit organization which
38 is an employer as defined under paragraph (6) of subsection (h) of
39 R.S.43:21-19, regardless of whether that nonprofit organization elects
40 or is required to finance its benefit costs with contributions to the fund
41 or by payments in lieu of contributions, after that employer has
42 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
43 with respect to becoming an employer, provided that the contributions
44 shall be at the rate of 0.0825% of wages paid with respect to
45 employment with the State of New Jersey or any other governmental
46 entity or instrumentality electing or required to make payments in lieu

1 of contributions.

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

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

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

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

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

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

- 1 (C) (Deleted by amendment, P.L.1994, c.112.)
- 2 (D) (Deleted by amendment, P.L.1994, c.112.)
- 3 (E) (i) (Deleted by amendment, P.L.1994, c.112.)
- 4 (ii) (Deleted by amendment, P.L.1996, c.28.)
- 5 (iii) (Deleted by amendment, P.L.1994, c.112.)
- 6 (3) If an employee receives wages from more than one employer
- 7 during any calendar year, and either the sum of his contributions
- 8 deposited in and credited to the State disability benefits fund plus the
- 9 amount of his contributions, if any, required towards the costs of
- 10 benefits under one or more approved private plans under the
- 11 provisions of section 9 of the "Temporary Disability Benefits Law"
- 12 (C.43:21-33) and deducted from his wages, or the sum of such latter
- 13 contributions, if the employee is covered during such calendar year
- 14 only by two or more private plans, exceeds an amount equal to 1/2 of
- 15 1% of the "wages" determined in accordance with the provisions of
- 16 R.S.43:21-7(b)(3) during the calendar years beginning on or after
- 17 January 1, 1976, the employee shall be entitled to a refund of the
- 18 excess if he makes a claim to the controller within two years after the
- 19 end of the calendar year in which the wages are received with respect
- 20 to which the refund is claimed and establishes his right to such refund.
- 21 Such refund shall be made by the controller from the State disability
- 22 benefits fund. No interest shall be allowed or paid with respect to any
- 23 such refund. The controller shall, in accordance with prescribed
- 24 regulations, determine the portion of the aggregate amount of such
- 25 refunds made during any calendar year which is applicable to private
- 26 plans for which deductions were made under section 9 of the
- 27 "Temporary Disability Benefits Law[.]" (C.43:21-33) such
- 28 determination to be based upon the ratio of the amount of such wages
- 29 exempt from contributions to such fund, as provided in subparagraph
- 30 (B) of paragraph (1) of this subsection with respect to coverage under
- 31 private plans, to the total wages so exempt plus the amount of such
- 32 wages subject to contributions to the disability benefits fund, as
- 33 provided in subparagraph (G) of paragraph (1) of this subsection. The
- 34 controller shall, in accordance with prescribed regulations, prorate the
- 35 amount so determined among the applicable private plans in the
- 36 proportion that the wages covered by each plan bear to the total
- 37 private plan wages involved in such refunds, and shall assess against
- 38 and recover from the employer, or the insurer if the insurer has
- 39 indemnified the employer with respect thereto, the amount so
- 40 prorated. The provisions of R.S.43:21-14 with respect to collection
- 41 of employer contributions shall apply to such assessments. The
- 42 amount so recovered by the controller shall be paid into the State
- 43 disability benefits fund.
- 44 (4) If an individual does not receive any wages from the employing
- 45 unit which for the purposes of this chapter (R.S.43:21-1 et seq.) is
- 46 treated as his employer, or receives his wages from some other

1 employing unit, such employer shall nevertheless be liable for such
2 individual's contributions in the first instance; and after payment
3 thereof such employer may deduct the amount of such contributions
4 from any sums payable by him to such employing unit, or may recover
5 the amount of such contributions from such employing unit, or, in the
6 absence of such an employing unit, from such individual, in a civil
7 action; provided proceedings therefor are instituted within three
8 months after the date on which such contributions are payable. General
9 rules shall be prescribed whereby such an employing unit may recover
10 the amount of such contributions from such individuals in the same
11 manner as if it were the employer.

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

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

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

23 (1) Except as hereinafter provided, each employer shall, in addition
24 to the contributions required by subsections (a), (b), and (c) of this
25 section, contribute 1/2 of 1% of the wages paid by such employer to
26 workers with respect to employment unless he is not a covered
27 employer as defined in section 3 of the "Temporary Disability Benefits
28 Law" (C.43:21-27 (a)), except that the rate for the State of New
29 Jersey shall be 1/10 of 1% for the calendar year 1980 and for the first
30 six months of 1981. Prior to July 1, 1981 and prior to July 1 each year
31 thereafter, the controller shall review the experience accumulated in
32 the account of the State of New Jersey and establish a rate for the next
33 following fiscal year which, in combination with worker contributions,
34 will produce sufficient revenue to keep the account in balance; except
35 that the rate so established shall not be less than 1/10 of 1%. Such
36 contributions shall become due and be paid by the employer to the
37 controller for the State disability benefits fund as established by law,
38 in accordance with such regulations as may be prescribed, and shall
39 not be deducted, in whole or in part, from the remuneration of
40 individuals in his employ. In the payment of any contributions, a
41 fractional part of a cent shall be disregarded unless it amounts to
42 \$0.005 or more, in which case it shall be increased to \$0.01.

43 (2) During the continuance of coverage of a worker by an
44 approved private plan of disability benefits under the "Temporary
45 Disability Benefits Law," the employer shall be exempt from the
46 contributions required by subparagraph (1) above with respect to

1 wages paid to such worker.

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

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

27 (C) The controller may prescribe regulations 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 (D) Prior to July 1 of each calendar year, the controller shall make
34 a preliminary determination of the rate of contribution for the 12
35 months commencing on such July 1 for each employer subject to the
36 contribution requirements of this subsection (e).

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

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

45 (i) 2/10 of 1% if such excess over \$500.00 exceeds 1% but is less
46 than 1 1/4% of his average annual payroll (as defined in this chapter

1 (R.S.43:21-1 et seq.);

2 (ii) 15/100 of 1% if such excess over \$500.00 equals or exceeds 1
3 1/4% but is less than 1 1/2% of his average annual payroll;

4 (iii) 1/10 of 1% if such excess over \$500.00 equals or exceeds 1
5 1/2% of his average annual payroll.

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

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

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

16 (ii) 45/100 of 1% if such excess over \$500.00 equals or exceeds
17 1/4 of 1% but is less than 1/2 of 1% of his average annual payroll;

18 (iii) 55/100 of 1% if such excess over \$500.00 equals or exceeds
19 1/2 of 1% but is less than 3/4 of 1% of his average annual payroll;

20 (iv) 65/100 of 1% if such excess over \$500.00 equals or exceeds
21 3/4 of 1% but is less than 1% of his average annual payroll;

22 (v) 75/100 of 1% if such excess over \$500.00 equals or exceeds
23 1% of his average annual payroll.

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

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

44 (2) The controller shall then make a final determination of the rates
45 of contribution for the 12 months commencing July 1 of such year for
46 employers whose preliminary rates are determined as provided in (D)

1 hereof, as follows:

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

10 (ii) If the percentage determined in accordance with paragraph
11 (E)(1) of this subsection equals or exceeds $\frac{3}{4}$ of 1% and is less than
12 $1\frac{1}{4}$ of 1%, the final employer rates shall be the preliminary employer
13 rates.

14 (iii) If the percentage determined in accordance with paragraph
15 (E)(1) of this subsection is less than $\frac{3}{4}$ of 1%, but in excess of $\frac{1}{4}$ of
16 1%, the final employer rates shall be the preliminary employer rates
17 determined as provided in (D) hereof increased by the difference
18 between $\frac{3}{4}$ of 1% and such percentage taken to the nearest $\frac{5}{100}$ of
19 1%; provided, however, that no such final rate shall be more than $\frac{1}{4}$
20 of 1% in the case of an employer whose preliminary rate is determined
21 as provided in (D)(2) hereof, more than $\frac{1}{2}$ of 1% in the case of an
22 employer whose preliminary rate is determined as provided in (D)(1)
23 and (D)(3) hereof, nor more than $\frac{3}{4}$ of 1% in the case of an employer
24 whose preliminary rate is determined as provided in (D)(4) hereof.

25 (iv) If the amount of the State disability benefits fund determined
26 as provided in paragraph (E)(1) of this subsection is equal to or less
27 than $\frac{1}{4}$ of 1%, then the final rate shall be $\frac{2}{5}$ of 1% in the case of an
28 employer whose preliminary rate is determined as provided in (D)(2)
29 hereof, $\frac{7}{10}$ of 1% in the case of an employer whose preliminary rate
30 is determined as provided in (D)(1) and (D)(3) hereof, and 1.1% in the
31 case of an employer whose preliminary rate is determined as provided
32 in (D)(4) hereof. Notwithstanding any other provision of law or any
33 determination made by the controller with respect to any 12-month
34 period commencing on July 1, 1970, the final rates for all employers
35 for the period beginning January 1, 1971, shall be as set forth herein.
36 (cf: P.L.2004, c.45, s.2)

37

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

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

45 Beginning April 1, 1996 through December 31, 1996, each
46 employee shall, in such a manner and at such times as determined by

1 the commissioner, contribute to the fund an amount equal to 0.6% of
2 the employee's taxable wages, except that the total amount contributed
3 to the fund when combined with the employee's contribution made
4 pursuant to R.S.43:31-7(d)(1)(D) for the period January 1, 1996
5 through March 31, 1996, shall not exceed 0.6% of the employee's
6 taxable wages for the 1996 calendar year.

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

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

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

19 Beginning on January 1, 2000 until June 30, 2004, each employee
20 shall, in such a manner and at such times as determined by the
21 commissioner, contribute to the fund an amount equal to 0.20% of the
22 employee's taxable wages.

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

30 Also beginning on January 1, 1998 until December 31, 2000, and
31 beginning on January 1, 2002 and ending June 30, [2005] 2006, each
32 employer shall, in such a manner and at such times as determined by
33 the commissioner, contribute to the fund an amount equal to the
34 amount that the employer's contribution to the unemployment
35 compensation fund is decreased pursuant to subparagraph (H) of
36 paragraph (5) of subsection (c) of R.S.43:21-7.

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

1 amount until December 31, 1995.

2 c. If the total amount of contributions to the fund pursuant to this
3 section during the calendar year 1993 exceeds \$600 million, all
4 contributions which exceed \$600 million shall be deposited in the
5 unemployment compensation fund. If the total amount of
6 contributions to the fund pursuant to this section during calendar year
7 1994 or calendar year 1995 exceeds \$500 million, all contributions
8 which exceed \$500 million shall be deposited in the unemployment
9 compensation fund. If the total amount of contributions made to the
10 fund pursuant to this section for the calendar year 1996 or 1997
11 exceeds \$330 million, all contributions which exceed \$330 million in
12 calendar year 1996 or 1997 shall be deposited in the unemployment
13 compensation fund. If the total amount of contributions made to the
14 fund pursuant to this section for the calendar year 1998 exceeds \$288
15 million, all contributions which exceed \$288 million in the calendar
16 year 1998 shall be deposited in the unemployment compensation fund.
17 If the total amount of contributions made to the fund pursuant to this
18 section for the calendar year 1999 exceeds \$233.9 million, all
19 contributions which exceed \$233.9 million in the calendar year 1999
20 shall be deposited in the unemployment compensation fund. If the
21 total amount of contributions made to the fund pursuant to this section
22 for the calendar year 2000 exceeds \$178.6 million, all contributions
23 which exceed \$178.6 million in the calendar year 2000 shall be
24 deposited in the unemployment compensation fund. If the total
25 amount of contributions made to the fund pursuant to this section for
26 the calendar year 2001 exceeds \$94.9 million, all contributions which
27 exceed \$94.9 million in the calendar year 2001 shall be deposited in
28 the unemployment compensation fund. If the total amount of
29 contributions made to the fund pursuant to this section for the period
30 beginning January 1, 2002 and ending June 30, 2002 exceeds \$516.5
31 million, all contributions which exceed \$516.5 million in the period
32 beginning January 1, 2002 and ending June 30, 2002 shall be deposited
33 in the unemployment compensation fund. If the total amount of
34 contributions made to the fund pursuant to this section for the fiscal
35 year 2003 or fiscal year 2004 exceeds \$325 million, all contributions
36 which exceed \$325 million in the fiscal year 2003 or fiscal year 2004
37 shall be deposited in the unemployment compensation fund. If the
38 total amount of contributions made to the fund pursuant to this section
39 for the fiscal year 2005 exceeds \$100 million, all contributions which
40 exceed \$100 million in the fiscal year 2005 shall be deposited in the
41 unemployment compensation fund. If the total amount of
42 contributions made to the fund pursuant to this section for the fiscal
43 year 2006 exceeds \$250 million, all contributions which exceed \$250
44 million in the fiscal year 2006 shall be deposited in the unemployment
45 compensation fund.

46 d. All necessary administrative costs related to the collection of

1 contributions pursuant to this section shall be paid from the
2 contributions.

3 (cf: P.L.2004, c.45, s.3)

4

5 3. This act shall take effect immediately.

6

7

8

STATEMENT

9

10 This bill redirects \$250 million in payroll tax revenue from the
11 unemployment compensation fund to the Health Care Subsidy Fund
12 during fiscal year 2006.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2607

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 29, 2005

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2607, with committee amendments.

As amended, this bill redirects \$250 million in payroll tax revenue from the unemployment compensation fund to the Health Care Subsidy Fund during fiscal year 2006, and provides for extended unemployment compensation benefits in certain circumstances. The 13 week extension of benefits would be triggered if the State's total unemployment rate reaches 6.5% and if that unemployment rate equals or exceeds 110% of the State unemployment rate during either or both of the corresponding three-month periods ending in the preceding two calendar years. A 20-week extension would be triggered if the total unemployment rate reached 8%.

COMMITTEE AMENDMENTS:

The committee amendments adopt the option provided by the federal Unemployment Compensation Amendments of 1992, Pub.L.102-318, for more easily attainable "triggers" for the shared half-federal, half-State payment of extended UI benefits. Under this option, a 13 week extension of benefits would be triggered if the State's total unemployment rate reaches 6.5% and if that unemployment rate equals or exceeds 110% of the State unemployment rate during either or both of the corresponding three-month periods ending in the preceding two calendar years. A 20-week extension would be triggered if the total unemployment rate reached 8%. Half of the cost of the extended benefits would be paid from federal funds and the other half from the State UI trust fund.

FISCAL IMPACT:

The UI fund balance for the fiscal year ending June 30, 2004 was \$1.5 billion. The UI fund cash balance as of May 2005 was \$1.1 billion. Under reasonable projection scenarios, the redirection of payroll taxes during FY 2006, as provided in this bill, will not impair the payment of benefits or imperil the stability of the fund. This bill will provide \$250 million in payroll tax contributions to the Health

Care Subsidy Fund to offset what would have been a future demand on General Fund resources to pay for programs financed through the Health Care Subsidy Fund. The UI tax rates on each employer are calculated on the basis of a combination of the employer's own "reserve ratio" (the amount of UI taxes paid by the employer minus the benefits paid to workers laid off by the employer as a percentage of UI taxable wages paid by the employer) and the "reserve ratio" for the entire UI trust fund (the fund balance as a percentage of the total UI taxable wages in the State). The Department of Labor and Workforce Development has informally indicated that the 2006 reserve ratio is estimated to be 1.66%, inclusive of the proposed diversion. Based on the department's estimate, the reduction in the UI fund balance as a result of the redirection will not trigger a higher employer tax schedule (from schedule "A" to the higher UI schedule "B"), which is currently set at 1.4%.

Finally, with respect to the committee amendments providing for an extension of benefits in certain circumstances, the OLS notes that half of the cost of such benefits would be paid from federal funds and the other half from the State UI trust fund.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2607

with committee amendments

STATE OF NEW JERSEY

DATED: July 1, 2005

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2607, with committee amendments.

As amended, this bill redirects \$250 million in payroll tax revenue from the unemployment compensation fund to the Health Care Subsidy Fund during fiscal year 2006, and provides for extended unemployment compensation benefits in certain circumstances. The 13 week extension of benefits would be triggered if the State's total unemployment rate reaches 6.5% and if that unemployment rate equals or exceeds 110% of the State unemployment rate during either or both of the corresponding three-month periods ending in the preceding two calendar years. A 20-week extension would be triggered if the total unemployment rate reached 8%.

As amended and reported, this bill is identical to Assembly Bill No. 4406 (1R) Aca.

COMMITTEE AMENDMENTS:

The committee amendments adopt the option provided by the federal Unemployment Compensation Amendments of 1992, Pub.L.102-318, for more easily attainable "triggers" for the shared half-federal, half-State payment of extended UI benefits. Under this option, a 13 week extension of benefits would be triggered if the State's total unemployment rate reaches 6.5% and if that unemployment rate equals or exceeds 110% of the State unemployment rate during either or both of the corresponding three-month periods ending in the preceding two calendar years. A 20-week extension would be triggered if the total unemployment rate reached 8%. Half of the cost of the extended benefits would be paid from federal funds and the other half from the State UI trust fund.

FISCAL IMPACT:

The UI fund balance for the fiscal year ending June 30, 2004 was \$1.5 billion. The UI fund cash balance as of May 2005 was \$1.1

billion. Under reasonable projection scenarios, the redirection of payroll taxes during FY 2006, as provided in this bill, will not impair the payment of benefits or imperil the stability of the fund. This bill will provide \$250 million in payroll tax contributions to the Health Care Subsidy Fund to offset what would have been a future demand on General Fund resources to pay for programs financed through the Health Care Subsidy Fund. The UI tax rates on each employer are calculated on the basis of a combination of the employer's own "reserve ratio" (the amount of UI taxes paid by the employer minus the benefits paid to workers laid off by the employer as a percentage of UI taxable wages paid by the employer) and the "reserve ratio" for the entire UI trust fund (the fund balance as a percentage of the total UI taxable wages in the State). The Department of Labor and Workforce Development has informally indicated that the 2006 reserve ratio is estimated to be 1.66%, inclusive of the proposed diversion. Based on the department's estimate, the reduction in the UI fund balance as a result of the redirection will not trigger a higher employer tax schedule (from schedule "A" to the higher UI schedule "B"), which is currently set at 1.4%.

Finally, with respect to the committee amendments providing for an extension of benefits in certain circumstances, the OLS notes that half of the cost of such benefits would be paid from federal funds and the other half from the State UI trust fund.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 2607
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: JULY 14, 2005

SUMMARY

Synopsis: Redirects \$250 million in unemployment taxes to Health Care Subsidy Fund.

Type of Impact: Redirects \$250 million in payroll taxes from the Unemployment Insurance Fund to the Health Care Subsidy Fund during fiscal year 2006.

Agencies Affected: Department of Labor and Workforce Development.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Health Care Subsidy Fund	Increase revenue by \$250 million		
UI Fund	Reduce revenue by \$250 million for redirection		

- ! During FY 2006, the bill directs \$250 million to the Health Care Subsidy Fund from the Unemployment Insurance (UI) fund.
- ! The \$250 million in new payroll tax contributions to the Health Care Subsidy Fund offsets what would have been a demand on General Fund resources to pay for programs financed through the Health Care Subsidy Fund.
- ! The Department of Labor and Workforce Development has informally indicated that the 2006 reserve ratio is estimated to be 1.66 percent, inclusive of the proposed \$250 million diversion. Based on the department's estimate, the reduction in the UI fund balance as a result of the redirection will not trigger a higher employer tax schedule (from schedule "A" to the higher UI schedule "B"), which is currently set at 1.4 percent.

BILL DESCRIPTION

Senate Bill No. 2607 of 2005 redirects \$250 million in payroll tax revenue from the unemployment compensation fund to the Health Care Subsidy Fund during fiscal year 2006.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The UI fund balance for the fiscal year ending June 30, 2004 was \$1.5 billion. The UI fund cash balance as of May, 2005 was \$1.1 billion. Under reasonable projection scenarios, the redirection of payroll taxes during FY 2006, as provided in this bill, will not impair the payment of benefits or imperil the stability of the fund. This bill will provide \$250 million in payroll tax contributions to the Health Care Subsidy Fund to offset what would have been a future demand on General Fund resources to pay for programs financed through the Health Care Subsidy Fund.

The UI tax rates on each employer are calculated on the basis of a combination of the employer's own "reserve ratio" (the amount of UI taxes paid by the employer minus the benefits paid to workers laid off by the employer as a percentage of UI taxable wages paid by the employer) and the "reserve ratio" for the entire UI trust fund (the fund balance as a percentage of the total UI taxable wages in the State). The Department of Labor and Workforce Development has informally indicated that the 2006 reserve ratio is estimated to be 1.66 percent, inclusive of the proposed \$250 million diversion. Based on the department's estimate, the reduction in the UI fund balance as a result of the redirection will not trigger a higher employer tax schedule (from schedule "A" to the higher UI schedule "B"), which is currently set at 1.4 percent.

Section: *Commerce, Labor and Industry*

Analyst: *Sonya S. Davis*
Associate Fiscal Analyst

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

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

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

ASSEMBLY, No. 4406

STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED JUNE 27, 2005

Sponsored by:
Assemblyman PATRICK DIEGNAN, JR.
District 18 (Middlesex)

SYNOPSIS

Redirects \$250 million in unemployment taxes to Health Care Subsidy Fund.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT redirecting \$250 million in payroll taxes from the
2 unemployment compensation fund to the Health Care Subsidy
3 Fund, 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 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 and Workforce Development on or before
17 September 1 of the preceding year and shall be, 28 times the Statewide
18 average weekly remuneration paid to workers by employers, as
19 determined under R.S.43:21-3(c), raised to the next higher multiple of
20 \$100.00 if not already a multiple thereof, provided that if the amount
21 of wages so determined for a calendar year is less than the amount
22 similarly determined for the preceding year, the greater amount will be
23 used; provided, further, that if the amount of such wages so
24 determined does not equal or exceed the amount of wages as defined
25 in subsection (b) of section 3306 of the Federal Unemployment Tax
26 Act, Chapter 23 of the Internal Revenue Code of 1986 (26 U.S.C.
27 s.3306(b)), the wages as determined in this paragraph in any calendar
28 year shall be raised to equal the amount established under the Federal
29 Unemployment Tax Act for that 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
35 other 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
37 in 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) (Deleted by amendment, P.L.2003, c.107).

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

25 (v) With respect to the experience rating year beginning on July 1,
 26 2003, the new employer rate or the unemployment experience rate of
 27 an employer under this section shall be the rate which appears in the
 28 column headed by the Unemployment Trust Fund Reserve Ratio as of
 29 the applicable calculation date and on the line with the Employer
 30 Reserve Ratio, as defined in paragraph 4 of this subsection
 31 (R.S.43:21-7 (c)(4)), as set forth in the following table:

32
 33 EXPERIENCE RATING TAX TABLE

34 Fund Reserve Ratio¹

	2.50%	2.00%	1.50%	1.00%	0.99%
Employer	and	to	to	to	and
Reserve	Over	2.49%	1.99%	1.49%	Under
Ratio ²	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 ¹Fund balance as of March 31 as a percentage of taxable wages in
 26 the prior calendar year.

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

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

36

37 **EXPERIENCE RATING TAX TABLE**

38 **Fund Reserve Ratio¹**

39

40		1.40%	1.00%	0.75%	0.50%	0.49%
41	Employer	and	to	to	to	and
42	Reserve	Over	1.39%	0.99%	0.74%	Under
43	Ratio ²	A	B	C	D	E
44	Positive Reserve Ratio:					
45	17% and over	0.3	0.4	0.5	0.6	1.2
46	16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2

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

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

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

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

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

41 (iii) With respect to experience rating years beginning on or after
42 July 1, 2004, if the fund reserve ratio, based on the fund balance as of
43 the prior March 31, is less than 0.50%, the contribution rate for each
44 employer liable to pay contributions, as computed under subparagraph
45 (E) of this paragraph (5), shall be increased by a factor of 10%
46 computed to the nearest multiple of 1/10% if not already a multiple

1 thereof.

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

13 (H) On or after January 1, 1993 until December 31, 1993,
14 notwithstanding any other provisions of this paragraph (5), the
15 contribution rate for each employer liable to pay contributions, as
16 computed under subparagraph (E) of this paragraph (5), shall be
17 decreased by a factor of 52.0% computed to the nearest multiple of
18 1/10%, except that, if an employer has a deficit reserve ratio of
19 negative 35.0% or under, the employer's rate of contribution shall not
20 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
21 amount of the reduction in the employer contributions stipulated by
22 this subparagraph (H) shall be in addition to the amount of the
23 reduction in the employer contributions stipulated by subparagraph (G)
24 of this paragraph (5), except that the rate of contribution of an
25 employer who has a deficit reserve ratio of negative 35.0% or under
26 shall not be reduced pursuant to this subparagraph (H) to less than
27 5.4% and the rate of contribution of any other employer shall not be
28 reduced to less than 0.0%. On or after January 1, 1994 until
29 December 31, 1995, except as provided pursuant to subparagraph (I)
30 of this paragraph (5), notwithstanding any other provisions of this
31 paragraph (5), the contribution rate for each employer liable to pay
32 contributions, as computed under subparagraph (E) of this paragraph
33 (5), shall be decreased by a factor of 36.0% computed to the nearest
34 multiple of 1/10%, except that, if an employer has a deficit reserve
35 ratio of negative 35.0% or under, the employer's rate of contribution
36 shall not be reduced pursuant to this subparagraph (H) to less than
37 5.4%. The amount of the reduction in the employer contributions
38 stipulated by this subparagraph (H) shall be in addition to the amount
39 of the reduction in the employer contributions stipulated by
40 subparagraph (G) of this paragraph (5), except that the rate of
41 contribution of an employer who has a deficit reserve ratio of negative
42 35.0% or under shall not be reduced pursuant to this subparagraph (H)
43 to less than 5.4% and the rate of contribution of any other employer
44 shall not be reduced to less than 0.0%.

45 On or after April 1, 1996 until December 31, 1996, the contribution
46 rate for each employer liable to pay contributions, as computed under

1 subparagraph (E) of this paragraph (5), shall be decreased by a factor
2 of 25.0% computed to the nearest multiple of 1/10%, except that, if
3 an employer has a deficit reserve ratio of negative 35.0% or under, the
4 employer's rate of contribution shall not be reduced pursuant to this
5 subparagraph (H) to less than 5.4%. The amount of the reduction in
6 the employer contributions stipulated by this subparagraph (H) shall
7 be in addition to the amount of the reduction in the employer
8 contributions stipulated by subparagraph (G) of this paragraph (5),
9 except that the rate of contribution of an employer who has a deficit
10 reserve ratio of negative 35.0% or under shall not be reduced pursuant
11 to this subparagraph (H) to less than 5.4% and the rate of contribution
12 of any other employer shall not be reduced to less than 0.0%.

13 On or after January 1, 1997 until December 31, 1997, the
14 contribution rate for each employer liable to pay contributions, as
15 computed under subparagraph (E) of this paragraph (5), shall be
16 decreased by a factor of 10.0% computed to the nearest multiple of
17 1/10%, except that, if an employer has a deficit reserve ratio of
18 negative 35.0% or under, the employer's rate of contribution shall not
19 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
20 amount of the reduction in the employer contributions stipulated by
21 this subparagraph (H) shall be in addition to the amount of the
22 reduction in the employer contributions stipulated by subparagraph (G)
23 of this paragraph (5), except that the rate of contribution of an
24 employer who has a deficit reserve ratio of negative 35.0% or under
25 shall not be reduced pursuant to this subparagraph (H) to less than
26 5.4% and the rate of contribution of any other employer shall not be
27 reduced to less than 0.0%.

28 On and after January 1, 1998 until December 31, 2000 and on or
29 after January 1, 2002 until June 30, ~~[2004]~~ 2006, the contribution rate
30 for each employer liable to pay contributions, as computed under
31 subparagraph (E) of this paragraph (5), shall be decreased by a factor,
32 as set out below, computed to the nearest multiple of 1/10%, except
33 that, if an employer has a deficit reserve ratio of negative 35.0% or
34 under, the employer's rate of contribution shall not be reduced
35 pursuant to this subparagraph (H) to less than 5.4%:

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

45 The amount of the reduction in the employer contributions
46 stipulated by this subparagraph (H) shall be in addition to the amount

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

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

11 If, upon calculating the unemployment compensation fund reserve
12 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, 1997,
13 March 31, 1998 or March 31, 1999, the controller finds that the fund
14 reserve ratio has decreased to a level of less than 3.00%, the
15 Commissioner of Labor shall notify the State Treasurer of this fact and
16 of the dollar amount necessary to bring the fund reserve ratio up to a
17 level of 3.00%. The State Treasurer shall, prior to March 31, 1997,
18 March 31, 1998 or March 31, 1999, as applicable, transfer from the
19 General Fund to the unemployment compensation fund, revenues in
20 the amount specified by the commissioner and which, upon deposit in
21 the unemployment compensation fund, shall result, upon recalculation,
22 in a fund reserve ratio used to determine employer contributions
23 beginning July 1, 1997, July 1, 1998, July 1, 1999, as applicable, of
24 at least 3.00%. If, upon calculating the unemployment compensation
25 fund reserve ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March
26 31, 2000, the controller finds that the fund reserve ratio has decreased
27 to a level of less than 3.00%, the Commissioner of Labor and
28 Workforce Development shall notify the State Treasurer of this fact
29 and of the dollar amount necessary to bring the fund reserve ratio up
30 to a level of 3.00%. The State Treasurer shall, prior to March 31,
31 2000, transfer from the General Fund to the unemployment
32 compensation fund, revenues in the amount specified by the
33 commissioner and which, upon deposit in the unemployment
34 compensation fund, shall result, upon recalculation, in a fund reserve
35 ratio used to determine employer contributions beginning July 1, 2000
36 of at least 3.00%.

37 (J) On or after July 1, 2001, notwithstanding any other provisions
38 of this paragraph (5), the contribution rate for each employer liable to
39 pay contributions, as computed under subparagraph (E) of this
40 paragraph (5), shall be decreased by 0.0175%, except that, during any
41 experience rating year starting on or after July 1, 2001, in which the
42 fund reserve ratio is equal to or greater than 3.5%, there shall be no
43 decrease pursuant to this subparagraph (J) in the contribution of any
44 employer who has a deficit reserve ratio of negative 35.00% or under.
45 The amount of the reduction in the employer contributions stipulated
46 by this subparagraph (J) shall be in addition to the amount of the

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

7 (6) Additional contributions.

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

30 (7) Transfers.

31 (A) Upon the transfer of the organization, trade or business, or
32 substantially all the assets of an employer to a successor in interest,
33 whether by merger, consolidation, sale, transfer, descent or otherwise,
34 the controller shall transfer the employment experience of the
35 predecessor employer to the successor in interest, including credit for
36 past years, contributions paid, annual payrolls, benefit charges, et
37 cetera, applicable to such predecessor employer, pursuant to
38 regulation, if it is determined that the employment experience of the
39 predecessor employer with respect to the organization, trade, assets
40 or business which has been transferred may be considered indicative
41 of the future employment experience of the successor in interest.
42 Unless the predecessor employer was owned or controlled (by legally
43 enforceable means or otherwise), directly or indirectly, by the
44 successor in interest, or the predecessor employer and the successor
45 in interest were owned or controlled (by legally enforceable means or
46 otherwise), directly or indirectly, by the same interest or interests, the

1 transfer of the employment experience of the predecessor shall not be
2 effective if such successor in interest, within four months of the date
3 of such transfer of the organization, trade, assets or business, or
4 thereafter upon good cause shown, files a written notice protesting the
5 transfer of the employment experience of the predecessor employer.

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

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

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

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

1 (B) Effective January 1, 1978 there shall be no contributions by
2 workers in the employ of any governmental or nongovernmental
3 employer electing or required to make payments in lieu of
4 contributions unless the employer is covered by the State plan under
5 the "Temporary Disability Benefits Law" [(C.43:21-37 et seq.)]
6 (C.43:21-25 et seq.), and in that case contributions shall be at the rate
7 of 1/2 of 1%, except that commencing July 1, 1986, workers in the
8 employ of any nongovernmental employer electing or required to make
9 payments in lieu of contributions shall be required to make
10 contributions to the fund at the same rate prescribed for workers of
11 other nongovernmental employers.

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

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

38 (D) Notwithstanding any other provisions of this paragraph (1),
39 during the period starting January 1, 1993 and ending June 30, 1994,
40 each worker shall contribute to the unemployment compensation fund
41 0.5% of wages paid with respect to the worker's employment with a
42 governmental employer electing or required to pay contributions or
43 nongovernmental employer, including a nonprofit organization which
44 is an employer as defined under paragraph (6) of subsection (h) of
45 R.S.43:21-19, regardless of whether that nonprofit organization elects
46 or is required to finance its benefit costs with contributions to the fund

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

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

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

1 governmental entity or instrumentality electing or required to make
2 payments in lieu of contributions.

3 Each worker shall, starting on January 1, 1999 until December 31,
4 1999, contribute to the unemployment compensation fund 0.15% of
5 wages paid with respect to the worker's employment with a
6 governmental employer electing or required to pay contributions or
7 nongovernmental employer, including a nonprofit organization which
8 is an employer as defined under paragraph (6) of subsection (h) of
9 R.S.43:21-19, regardless of whether that nonprofit organization elects
10 or is required to finance its benefit costs with contributions to the fund
11 or by payments in lieu of contributions, after that employer has
12 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
13 with respect to becoming an employer, provided that the contributions
14 shall be at the rate of 0.10% of wages paid with respect to
15 employment with the State of New Jersey or any other governmental
16 entity or instrumentality electing or required to make payments in lieu
17 of contributions.

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

33 Each worker shall, starting on January 1, 2002 until June 30, 2004,
34 contribute to the unemployment compensation fund 0.1825% of wages
35 paid with respect to the worker's employment with a governmental
36 employer electing or required to pay contributions or a
37 nongovernmental employer, including a nonprofit organization which
38 is an employer as defined under paragraph (6) of subsection (h) of
39 R.S.43:21-19, regardless of whether that nonprofit organization elects
40 or is required to finance its benefit costs with contributions to the fund
41 or by payments in lieu of contributions, after that employer has
42 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
43 with respect to becoming an employer, provided that the contributions
44 shall be at the rate of 0.0825% of wages paid with respect to
45 employment with the State of New Jersey or any other governmental
46 entity or instrumentality electing or required to make payments in lieu

1 of contributions.

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

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

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

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

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

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

- 1 (C) (Deleted by amendment, P.L.1994, c.112.)
2 (D) (Deleted by amendment, P.L.1994, c.112.)
3 (E) (i) (Deleted by amendment, P.L.1994, c.112.)
4 (ii) (Deleted by amendment, P.L.1996, c.28.)
5 (iii) (Deleted by amendment, P.L.1994, c.112.)
6 (3) If an employee receives wages from more than one employer
7 during any calendar year, and either the sum of his contributions
8 deposited in and credited to the State disability benefits fund plus the
9 amount of his contributions, if any, required towards the costs of
10 benefits under one or more approved private plans under the
11 provisions of section 9 of the "Temporary Disability Benefits Law"
12 (C.43:21-33) and deducted from his wages, or the sum of such latter
13 contributions, if the employee is covered during such calendar year
14 only by two or more private plans, exceeds an amount equal to 1/2 of
15 1% of the "wages" determined in accordance with the provisions of
16 R.S.43:21-7(b)(3) during the calendar years beginning on or after
17 January 1, 1976, the employee shall be entitled to a refund of the
18 excess if he makes a claim to the controller within two years after the
19 end of the calendar year in which the wages are received with respect
20 to which the refund is claimed and establishes his right to such refund.
21 Such refund shall be made by the controller from the State disability
22 benefits fund. No interest shall be allowed or paid with respect to any
23 such refund. The controller shall, in accordance with prescribed
24 regulations, determine the portion of the aggregate amount of such
25 refunds made during any calendar year which is applicable to private
26 plans for which deductions were made under section 9 of the
27 "Temporary Disability Benefits Law[.]" (C.43:21-33) such
28 determination to be based upon the ratio of the amount of such wages
29 exempt from contributions to such fund, as provided in subparagraph
30 (B) of paragraph (1) of this subsection with respect to coverage under
31 private plans, to the total wages so exempt plus the amount of such
32 wages subject to contributions to the disability benefits fund, as
33 provided in subparagraph (G) of paragraph (1) of this subsection. The
34 controller shall, in accordance with prescribed regulations, prorate the
35 amount so determined among the applicable private plans in the
36 proportion that the wages covered by each plan bear to the total
37 private plan wages involved in such refunds, and shall assess against
38 and recover from the employer, or the insurer if the insurer has
39 indemnified the employer with respect thereto, the amount so
40 prorated. The provisions of R.S.43:21-14 with respect to collection
41 of employer contributions shall apply to such assessments. The
42 amount so recovered by the controller shall be paid into the State
43 disability benefits fund.
44 (4) If an individual does not receive any wages from the employing
45 unit which for the purposes of this chapter (R.S.43:21-1 et seq.) is
46 treated as his employer, or receives his wages from some other

1 employing unit, such employer shall nevertheless be liable for such
2 individual's contributions in the first instance; and after payment
3 thereof such employer may deduct the amount of such contributions
4 from any sums payable by him to such employing unit, or may recover
5 the amount of such contributions from such employing unit, or, in the
6 absence of such an employing unit, from such individual, in a civil
7 action; provided proceedings therefor are instituted within three
8 months after the date on which such contributions are payable. General
9 rules shall be prescribed whereby such an employing unit may recover
10 the amount of such contributions from such individuals in the same
11 manner as if it were the employer.

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

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

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

23 (1) Except as hereinafter provided, each employer shall, in addition
24 to the contributions required by subsections (a), (b), and (c) of this
25 section, contribute 1/2 of 1% of the wages paid by such employer to
26 workers with respect to employment unless he is not a covered
27 employer as defined in section 3 of the "Temporary Disability Benefits
28 Law" (C.43:21-27 (a)), except that the rate for the State of New
29 Jersey shall be 1/10 of 1% for the calendar year 1980 and for the first
30 six months of 1981. Prior to July 1, 1981 and prior to July 1 each year
31 thereafter, the controller shall review the experience accumulated in
32 the account of the State of New Jersey and establish a rate for the next
33 following fiscal year which, in combination with worker contributions,
34 will produce sufficient revenue to keep the account in balance; except
35 that the rate so established shall not be less than 1/10 of 1%. Such
36 contributions shall become due and be paid by the employer to the
37 controller for the State disability benefits fund as established by law,
38 in accordance with such regulations as may be prescribed, and shall
39 not be deducted, in whole or in part, from the remuneration of
40 individuals in his employ. In the payment of any contributions, a
41 fractional part of a cent shall be disregarded unless it amounts to
42 \$0.005 or more, in which case it shall be increased to \$0.01.

43 (2) During the continuance of coverage of a worker by an
44 approved private plan of disability benefits under the "Temporary
45 Disability Benefits Law," the employer shall be exempt from the
46 contributions required by subparagraph (1) above with respect to

1 wages paid to such worker.

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

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

27 (C) The controller may prescribe regulations 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 (D) Prior to July 1 of each calendar year, the controller shall make
34 a preliminary determination of the rate of contribution for the 12
35 months commencing on such July 1 for each employer subject to the
36 contribution requirements of this subsection (e).

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

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

45 (i) 2/10 of 1% if such excess over \$500.00 exceeds 1% but is less
46 than 1 1/4% of his average annual payroll (as defined in this chapter

- 1 (R.S.43:21-1 et seq.);
- 2 (ii) 15/100 of 1% if such excess over \$500.00 equals or exceeds 1
3 1/4% but is less than 1 1/2% of his average annual payroll;
- 4 (iii) 1/10 of 1% if such excess over \$500.00 equals or exceeds 1
5 1/2% of his average annual payroll.
- 6 (3) If the minimum requirements in (1) above have been fulfilled
7 and the contributions credited exceed the benefits charged but by not
8 more than \$500.00 plus 1% of his average annual payroll, or if the
9 benefits charged exceed the contributions credited but by not more
10 than \$500.00, the preliminary rate shall be 1/4 of 1%.
- 11 (4) If the minimum requirements in (1) above have been fulfilled
12 and the benefits charged exceed the contributions credited by more
13 than \$500.00, such preliminary rate shall be as follows:
- 14 (i) 35/100 of 1% if such excess over \$500.00 is less than 1/4 of 1%
15 of his average annual payroll;
- 16 (ii) 45/100 of 1% if such excess over \$500.00 equals or exceeds
17 1/4 of 1% but is less than 1/2 of 1% of his average annual payroll;
- 18 (iii) 55/100 of 1% if such excess over \$500.00 equals or exceeds
19 1/2 of 1% but is less than 3/4 of 1% of his average annual payroll;
- 20 (iv) 65/100 of 1% if such excess over \$500.00 equals or exceeds
21 3/4 of 1% but is less than 1% of his average annual payroll;
- 22 (v) 75/100 of 1% if such excess over \$500.00 equals or exceeds
23 1% of his average annual payroll.
- 24 (5) Determination of the preliminary rate as specified in (2), (3)
25 and (4) above shall be subject, however, to the condition that it shall
26 in no event be decreased by more than 1/10 of 1% of wages or
27 increased by more than 2/10 of 1% of wages from the preliminary rate
28 determined for the preceding year in accordance with (1), (2), (3) or
29 (4), whichever shall have been applicable.
- 30 (E) (1) Prior to July 1 of each calendar year the controller shall
31 determine the amount of the State disability benefits fund as of
32 December 31 of the preceding calendar year, increased by the
33 contributions paid thereto during January of the current calendar year
34 with respect to employment occurring in the preceding calendar year.
35 If such amount exceeds the net amount withdrawn from the
36 unemployment trust fund pursuant to section 23 of the "Temporary
37 Disability Benefits Law," P.L.1948, c.110 (C.43:21-47) plus the
38 amount at the end of such preceding calendar year of the
39 unemployment disability account (as defined in section 22 of said law
40 (C.43:21-46), such excess shall be expressed as a percentage of the
41 wages on which contributions were paid to the State disability benefits
42 fund on or before January 31 with respect to employment in the
43 preceding calendar year.
- 44 (2) The controller shall then make a final determination of the rates
45 of contribution for the 12 months commencing July 1 of such year for
46 employers whose preliminary rates are determined as provided in (D)

1 hereof, as follows:

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

10 (ii) If the percentage determined in accordance with paragraph
11 (E)(1) of this subsection equals or exceeds $\frac{3}{4}$ of 1% and is less than
12 $1\frac{1}{4}$ of 1%, the final employer rates shall be the preliminary employer
13 rates.

14 (iii) If the percentage determined in accordance with paragraph
15 (E)(1) of this subsection is less than $\frac{3}{4}$ of 1%, but in excess of $\frac{1}{4}$ of
16 1%, the final employer rates shall be the preliminary employer rates
17 determined as provided in (D) hereof increased by the difference
18 between $\frac{3}{4}$ of 1% and such percentage taken to the nearest $\frac{5}{100}$ of
19 1%; provided, however, that no such final rate shall be more than $\frac{1}{4}$
20 of 1% in the case of an employer whose preliminary rate is determined
21 as provided in (D)(2) hereof, more than $\frac{1}{2}$ of 1% in the case of an
22 employer whose preliminary rate is determined as provided in (D)(1)
23 and (D)(3) hereof, nor more than $\frac{3}{4}$ of 1% in the case of an employer
24 whose preliminary rate is determined as provided in (D)(4) hereof.

25 (iv) If the amount of the State disability benefits fund determined
26 as provided in paragraph (E)(1) of this subsection is equal to or less
27 than $\frac{1}{4}$ of 1%, then the final rate shall be $\frac{2}{5}$ of 1% in the case of an
28 employer whose preliminary rate is determined as provided in (D)(2)
29 hereof, $\frac{7}{10}$ of 1% in the case of an employer whose preliminary rate
30 is determined as provided in (D)(1) and (D)(3) hereof, and 1.1% in the
31 case of an employer whose preliminary rate is determined as provided
32 in (D)(4) hereof. Notwithstanding any other provision of law or any
33 determination made by the controller with respect to any 12-month
34 period commencing on July 1, 1970, the final rates for all employers
35 for the period beginning January 1, 1971, shall be as set forth herein.
36 (cf: P.L.2004, c.45, s.2)

37

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

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

45 Beginning April 1, 1996 through December 31, 1996, each
46 employee shall, in such a manner and at such times as determined by

1 the commissioner, contribute to the fund an amount equal to 0.6% of
2 the employee's taxable wages, except that the total amount contributed
3 to the fund when combined with the employee's contribution made
4 pursuant to R.S.43:31-7(d)(1)(D) for the period January 1, 1996
5 through March 31, 1996, shall not exceed 0.6% of the employee's
6 taxable wages for the 1996 calendar year.

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

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

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

19 Beginning on January 1, 2000 until June 30, 2004, each employee
20 shall, in such a manner and at such times as determined by the
21 commissioner, contribute to the fund an amount equal to 0.20% of the
22 employee's taxable wages.

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

30 Also beginning on January 1, 1998 until December 31, 2000, and
31 beginning on January 1, 2002 and ending June 30, [2005] 2006, each
32 employer shall, in such a manner and at such times as determined by
33 the commissioner, contribute to the fund an amount equal to the
34 amount that the employer's contribution to the unemployment
35 compensation fund is decreased pursuant to subparagraph (H) of
36 paragraph (5) of subsection (c) of R.S.43:21-7.

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

1 amount until December 31, 1995.

2 c. If the total amount of contributions to the fund pursuant to this
3 section during the calendar year 1993 exceeds \$600 million, all
4 contributions which exceed \$600 million shall be deposited in the
5 unemployment compensation fund. If the total amount of
6 contributions to the fund pursuant to this section during calendar year
7 1994 or calendar year 1995 exceeds \$500 million, all contributions
8 which exceed \$500 million shall be deposited in the unemployment
9 compensation fund. If the total amount of contributions made to the
10 fund pursuant to this section for the calendar year 1996 or 1997
11 exceeds \$330 million, all contributions which exceed \$330 million in
12 calendar year 1996 or 1997 shall be deposited in the unemployment
13 compensation fund. If the total amount of contributions made to the
14 fund pursuant to this section for the calendar year 1998 exceeds \$288
15 million, all contributions which exceed \$288 million in the calendar
16 year 1998 shall be deposited in the unemployment compensation fund.
17 If the total amount of contributions made to the fund pursuant to this
18 section for the calendar year 1999 exceeds \$233.9 million, all
19 contributions which exceed \$233.9 million in the calendar year 1999
20 shall be deposited in the unemployment compensation fund. If the
21 total amount of contributions made to the fund pursuant to this section
22 for the calendar year 2000 exceeds \$178.6 million, all contributions
23 which exceed \$178.6 million in the calendar year 2000 shall be
24 deposited in the unemployment compensation fund. If the total
25 amount of contributions made to the fund pursuant to this section for
26 the calendar year 2001 exceeds \$94.9 million, all contributions which
27 exceed \$94.9 million in the calendar year 2001 shall be deposited in
28 the unemployment compensation fund. If the total amount of
29 contributions made to the fund pursuant to this section for the period
30 beginning January 1, 2002 and ending June 30, 2002 exceeds \$516.5
31 million, all contributions which exceed \$516.5 million in the period
32 beginning January 1, 2002 and ending June 30, 2002 shall be deposited
33 in the unemployment compensation fund. If the total amount of
34 contributions made to the fund pursuant to this section for the fiscal
35 year 2003 or fiscal year 2004 exceeds \$325 million, all contributions
36 which exceed \$325 million in the fiscal year 2003 or fiscal year 2004
37 shall be deposited in the unemployment compensation fund. If the
38 total amount of contributions made to the fund pursuant to this section
39 for the fiscal year 2005 exceeds \$100 million, all contributions which
40 exceed \$100 million in the fiscal year 2005 shall be deposited in the
41 unemployment compensation fund. If the total amount of
42 contributions made to the fund pursuant to this section for the fiscal
43 year 2006 exceeds \$250 million, all contributions which exceed \$250
44 million in the fiscal year 2006 shall be deposited in the unemployment
45 compensation fund.

46 d. All necessary administrative costs related to the collection of

1 contributions pursuant to this section shall be paid from the
2 contributions.

3 (cf: P.L.2004, c.45, s.3)

4

5 3. This act shall take effect immediately.

6

7

8

STATEMENT

9

10 This bill redirects \$250 million in payroll tax revenue from the
11 unemployment compensation fund to the Health Care Subsidy Fund
12 during fiscal year 2006.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4406

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 29, 2005

The Assembly Budget Committee reports favorably Assembly Bill No. 4406, with committee amendments.

Assembly Bill No. 4406, as amended, redirects \$250 million in payroll tax revenue from the unemployment compensation fund to the Health Care Subsidy Fund during fiscal year 2006, and modifies the trigger for shared half-federal, half-State payment of extended UI benefits.

FISCAL IMPACT:

The Office of Legislative Services estimates that the amendments will have no fiscal impact during the next three years, because, based on projections of likely unemployment rates over that period provided by the Department of Labor and Workforce Development, the extended UI benefits provided by the amendments will not trigger on during that period. The unemployment rates during the 2001 to 2004 period never were high enough to reach the 6.5% trigger unemployment rate in the amendments and the department projects lower unemployment rates during the 2005 to 2008 period.

COMMITTEE AMENDMENTS:

The amendments adopt the option provided by the federal Unemployment Compensation Amendments of 1992, Pub.L.102-318, for more easily attainable "triggers" for the shared half-federal, half-State payment of extended UI benefits. Under this option, a 13-week extension of benefits would be triggered if the State's total unemployment rate reached 6.5% and that unemployment rate is 110% of the unemployment rates for the corresponding three-month periods during either of the preceding two years. A 20-week extension would be triggered if the total unemployment rate reached 8%. Half of the cost of the extended benefits would be paid from federal funds and the other half from State UI trust fund.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 4406

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JULY 1, 2005

The Assembly Budget Committee reports favorably Assembly Bill No. 4406 (1R) , with committee amendments.

Assembly Bill No. 4406, as amended, redirects \$350 million in payroll tax revenue from the unemployment compensation fund to the Health Care Subsidy Fund during fiscal year 2006, and modifies the trigger for shared half-federal, half-State payment of extended UI benefits.

FISCAL IMPACT:

The Office of Legislative Services estimates that the amendments will have no fiscal impact during the next three years, because, based on projections of likely unemployment rates over that period provided by the Department of Labor and Workforce Development, the extended UI benefits provided by the amendments will not trigger on during that period. The unemployment rates during the 2001 to 2004 period never were high enough to reach the 6.5% trigger unemployment rate in the amendments and the department projects lower unemployment rates during the 2005 to 2008 period.

COMMITTEE AMENDMENTS:

The amendments change the amount redirected from \$250 million to \$350 million.