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LAW/RWH

P.L. 2009, CHAPTER 144, *approved November 20, 2009*

Senate, No. 562

1 **AN ACT** concerning employer contributions to the unemployment  
2 compensation fund and amending R.S.43:21-7.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. R.S.43:21-7 is amended to read as follows:

8 43:21-7. Contributions. Employers other than governmental  
9 entities, whose benefit financing provisions are set forth in section 4  
10 of P.L.1971, c.346 (C.43:21-7.3), and those nonprofit organizations  
11 liable for payment in lieu of contributions on the basis set forth in  
12 section 3 of P.L.1971, c.346 (C.43:21-7.2), shall pay to the  
13 controller for the unemployment compensation fund, contributions  
14 as set forth in subsections (a), (b) and (c) hereof, and the provisions  
15 of subsections (d) and (e) shall be applicable to all employers,  
16 consistent with the provisions of the "unemployment compensation  
17 law" and the "Temporary Disability Benefits Law," P.L.1948, c.110  
18 (C.43:21-25 et seq.).

19 (a) Payment.

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

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

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

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

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

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

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

34 (c) Future rates based on benefit experience.

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

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

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

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

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

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

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

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

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

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

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

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

36 (C) Specially assigned rates.

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

41 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  
43 that period, or 5.4%, whichever is higher, and

44 if the reserve balance in its account is negative, its assigned rate  
45 shall be the highest rate in effect for deficit accounts for that period.

46 (ii) If, following the purchase of a corporation with little or no  
47 activity, known as a corporate shell, the resulting employing unit

1 operates a new or different business activity, the employing unit  
2 shall be assigned a new employer rate.

3 (iii) Entities operating under common ownership, management  
4 or control, when the operation of the entities is not identifiable,  
5 distinguishable and severable, shall be considered a single employer  
6 for the purposes of this chapter ( R.S. 43:21-1 et seq.).

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

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

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

1 10% computed to the nearest multiple of 1/10% if not already a  
2 multiple thereof.

3 (B) If on March 31 of any calendar year the balance in the  
4 unemployment trust fund equals or exceeds 10% but is less than 12  
5 1/2% of the total taxable wages reported to the controller as of that  
6 date in respect to employment during the preceding calendar year,  
7 the contribution rate, effective July 1 following, of each employer  
8 eligible for a contribution rate calculation based upon benefit  
9 experience, shall be reduced by 3/10 of 1% under the contribution  
10 rate otherwise established under the provisions of paragraphs (3)  
11 and (4) of this subsection; provided that in no event shall the  
12 contribution rate of any employer be reduced to less than 4/10 of  
13 1%. If on March 31 of any calendar year the balance in the  
14 unemployment trust fund equals or exceeds 12 1/2% of the total  
15 taxable wages reported to the controller as of that date in respect to  
16 employment during the preceding calendar year, the contribution  
17 rate, effective July 1 following, of each employer eligible for a  
18 contribution rate calculation based upon benefit experience, shall be  
19 reduced by 6/10 of 1% if his account for all past periods reflects an  
20 excess of contributions paid over total benefits charged of 3% or  
21 more of his average annual payroll, otherwise by 3/10 of 1% under  
22 the contribution rate otherwise established under the provisions of  
23 paragraphs (3) and (4) of this subsection; provided that in no event  
24 shall the contribution rate of any employer be reduced to less than  
25 4/10 of 1%.

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

33 (D) Prior to July 1 of each calendar year the controller shall  
34 determine the Unemployment Trust Reserve Ratio, which shall be  
35 calculated by dividing the balance of the unemployment trust fund  
36 as of the prior March 31 by total taxable wages reported to the  
37 controller by all employers as of March 31 with respect to their  
38 employment during the last calendar year.

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

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

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

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

43 (v) **【**With respect to the experience rating year beginning on  
44 July 1, 2003, the new employer rate or the unemployment  
45 experience rate of an employer under this section shall be the rate  
46 which appears in the column headed by the Unemployment Trust  
47 Fund Reserve Ratio as of the applicable calculation date and on the



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

4 EXPERIENCE RATING TAX TABLE					
5 Fund Reserve Ratio <sup>1</sup>					
6	2.50%	2.00%	1.50%	1.00%	0.99%
7 Employer	and	to	to	to	and
8 Reserve	Over	2.49%	1.99%	1.49%	Under
9 Ratio <sup>2</sup>	A	B	C	D	E
10 Positive Reserve Ratio:					
11 17% and over	0.3	0.4	0.5	0.6	1.2
12 16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
13 15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
14 14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
15 13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
16 12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
17 11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
18 10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
19 9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
20 8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
21 7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
22 6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
23 5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
24 4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
25 3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
26 2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
27 1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
28 0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
29 Deficit Reserve Ratio:					
30 -0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
31 -3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
32 -6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
33 -9.00% to-11.99%	3.5	4.5	5.3	5.9	6.4
34 -12.00% to-14.99%	3.6	4.6	5.4	6.0	6.5
35 -15.00% to-19.99%	3.6	4.6	5.5	6.1	6.6
36 -20.00% to-24.99%	3.7	4.7	5.6	6.2	6.7
37 -25.00% to-29.99%	3.7	4.8	5.6	6.3	6.8
38 -30.00%to-34.99%	3.8	4.8	5.7	6.3	6.9
39 -35.00% and under	5.4	5.4	5.8	6.4	7.0
40 New Employer Rate	2.8	2.8	2.8	3.1	3.4

41 <sup>1</sup>Fund balance as of March 31 as a percentage of taxable wages  
 42 in the prior calendar year.

43 <sup>2</sup>Employer Reserve Ratio (Contributions minus benefits as a  
 44 percentage of employer's taxable wages). **】 (Deleted by amendment,**  
 45 **P.L. \_\_\_\_\_, c. \_\_\_\_\_)**

46 (vi) With respect to experience rating years beginning on or  
 47 after July 1, 2004, the new employer rate or the unemployment



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

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

10 (iii) With respect to experience rating years beginning on or  
11 after July 1, 2004, if the fund reserve ratio, based on the fund  
12 balance as of the prior March 31, is less than 0.50%, the  
13 contribution rate for each employer liable to pay contributions, as  
14 computed under subparagraph (E) of this paragraph (5), shall be  
15 increased by a factor of 10% computed to the nearest multiple of  
16 1/10% if not already a multiple thereof.

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

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

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

14 On or after April 1, 1996 until December 31, 1996, 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 25.0% 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  
20 not be reduced pursuant to this subparagraph (H) to less than 5.4%.  
21 The amount of the reduction in the employer contributions  
22 stipulated by this subparagraph (H) shall be in addition to the  
23 amount of the reduction in the employer contributions stipulated by  
24 subparagraph (G) of this paragraph (5), except that the rate of  
25 contribution of an employer who has a deficit reserve ratio of  
26 negative 35.0% or under shall not be reduced pursuant to this  
27 subparagraph (H) to less than 5.4% and the rate of contribution of  
28 any other employer shall not be reduced to less than 0.0%.

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

45 On and after January 1, 1998 until December 31, 2000 and on or  
46 after January 1, 2002 until June 30, 2006, the contribution rate for  
47 each employer liable to pay contributions, as computed under

1 subparagraph (E) of this paragraph (5), shall be decreased by a  
2 factor, as set out below, computed to the nearest multiple of 1/10%,  
3 except that, if an employer has a deficit reserve ratio of negative  
4 35.0% or under, the employer's rate of contribution shall not be  
5 reduced pursuant to this subparagraph (H) to less than 5.4%:

6 From January 1, 1998 until December 31, 1998, a factor of 12%;  
7 From January 1, 1999 until December 31, 1999, a factor of 10%;  
8 From January 1, 2000 until December 31, 2000, a factor of 7%;  
9 From January 1, 2002 until March 31, 2002, a factor of 36%;  
10 From April 1, 2002 until June 30, 2002, a factor of 85%;  
11 From July 1, 2002 until June 30, 2003, a factor of 15%;  
12 From July 1, 2003 until June 30, 2004, a factor of 15%;  
13 From July 1, 2004 until June 30, 2005, a factor of 7%;  
14 From July 1, 2005 until December 31, 2005, a factor of 16%; and  
15 From January 1, 2006 until June 30, 2006, a factor of 34%.

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

24 (I) [If the fund reserve ratio decreases to a level of less than  
25 4.00% on March 31 of calendar year 1994 or calendar year 1995,  
26 the provisions of subparagraph (H) of this paragraph (5) shall cease  
27 to be in effect as of July 1 of that calendar year.

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

1 the fund reserve ratio up to a level of 3.00%. The State Treasurer  
2 shall, prior to March 31, 2000, transfer from the General Fund to  
3 the unemployment compensation fund, revenues in the amount  
4 specified by the commissioner and which, upon deposit in the  
5 unemployment compensation fund, shall result, upon recalculation,  
6 in a fund reserve ratio used to determine employer contributions  
7 beginning July 1, 2000 of at least 3.00%. ~~] (Deleted by amendment,~~  
8 ~~P.L. \_\_\_\_\_, c. \_\_\_\_\_)~~

9 (J) On or after July 1, 2001, notwithstanding any other  
10 provisions of this paragraph (5), the contribution rate for each  
11 employer liable to pay contributions, as computed under  
12 subparagraph (E) of this paragraph (5), shall be decreased by  
13 0.0175%, except that, during any experience rating year starting on  
14 or after July 1, 2001, in which the fund reserve ratio is equal to or  
15 greater than 3.5%, there shall be no decrease pursuant to this  
16 subparagraph (J) in the contribution of any employer who has a  
17 deficit reserve ratio of negative 35.00% or under. The amount of the  
18 reduction in the employer contributions stipulated by this  
19 subparagraph (J) shall be in addition to the amount of the reduction  
20 in the employer contributions stipulated by subparagraphs (G) and  
21 (H) of this paragraph (5), except that the rate of contribution of an  
22 employer who has a deficit reserve ratio of negative 35.0% or under  
23 shall not be reduced pursuant to this subparagraph (J) to less than  
24 5.4% and the rate of contribution of any other employer shall not be  
25 reduced to less than 0.0%.

26 (K) With respect to experience rating years beginning on or after  
27 July 1, 2009, if the fund reserve ratio, based on the fund balance as  
28 of the prior March 31, is:

29 (1) Equal to or greater than 5.00% but less than 7.5%, the  
30 contribution rate for each employer liable to pay contributions, as  
31 computed under subparagraph (E) of this paragraph (5), shall be  
32 reduced by a factor of 25% computed to the nearest multiple of  
33 1/10% if not already a multiple thereof except that there shall be no  
34 decrease pursuant to this subparagraph (K) in the contribution of  
35 any employer who has a deficit reserve ratio of 35.00% or under.

36 (2) Equal to or greater than 7.5% but less than 10.0%, the  
37 contribution rate for each employer liable to pay contributions, as  
38 computed under subparagraph (E) of this paragraph (5), shall be  
39 reduced by a factor of 50% computed to the nearest multiple of  
40 1/10% if not already a multiple thereof except that there shall be no  
41 decrease pursuant to this subparagraph (K) in the contribution of  
42 any employer who has a deficit reserve ratio of 35.00% or under.

43 (6) Additional contributions.

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

1 additional contributions, and upon such payment shall receive a  
2 recomputation of the experience rate applicable to such employer,  
3 including in the calculation the additional contribution so made,  
4 except that, following a transfer as described under R.S.43:21-  
5 7(c)(7)(D), neither the predecessor nor successor in interest shall be  
6 eligible to make a voluntary payment of additional contributions  
7 during the year the transfer occurs and the next full calendar year.  
8 Any such additional contribution shall be made during the 30-day  
9 period following the date of the mailing to the employer of the  
10 notice of his contribution rate as prescribed in this section, unless,  
11 for good cause, the time for payment has been extended by the  
12 controller for not to exceed an additional 60 days; provided that in  
13 no event may such payments which are made later than 120 days  
14 after the beginning of the year for which such rates are effective be  
15 considered in determining the experience rate for the year in which  
16 the payment is made. Any employer receiving any extended period  
17 of time within which to make such additional payment and failing  
18 to make such payment timely shall be, in addition to the required  
19 amount of additional payment, liable for a penalty of 5% thereof or  
20 \$5.00, whichever is greater, not to exceed \$50.00. Any adjustment  
21 under this subsection shall be made only in the form of credits  
22 against accrued or future contributions.

23 (7) Transfers.

24 (A) Upon the transfer of the organization, trade or business, or  
25 substantially all the assets of an employer to a successor in interest,  
26 whether by merger, consolidation, sale, transfer, descent or  
27 otherwise, the controller shall transfer the employment experience  
28 of the predecessor employer to the successor in interest, including  
29 credit for past years, contributions paid, annual payrolls, benefit  
30 charges, et cetera, applicable to such predecessor employer,  
31 pursuant to regulation, if it is determined that the employment  
32 experience of the predecessor employer with respect to the  
33 organization, trade, assets or business which has been transferred  
34 may be considered indicative of the future employment experience  
35 of the successor in interest. The successor in interest may, within  
36 four months of the date of such transfer of the organization, trade,  
37 assets or business, or thereafter upon good cause shown, request a  
38 reconsideration of the transfer of employment experience of the  
39 predecessor employer. The request for reconsideration shall  
40 demonstrate, to the satisfaction of the controller, that the  
41 employment experience of the predecessor is not indicative of the  
42 future employment experience of the successor.

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

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

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

24 (D) If an employer who transfers in whole or in part his or its  
25 organization, trade, assets or business to a successor in interest,  
26 whether by merger, consolidation, sale, transfer, descent or  
27 otherwise and both the employer and successor in interest are at the  
28 time of the transfer under common ownership, management or  
29 control, then the employment experience attributable to the  
30 transferred business shall also be transferred to and combined with  
31 the employment experience of the successor in interest. The  
32 transfer of the employment experience is mandatory and not subject  
33 to appeal or protest.

34 (E) The transfer of part of an employer's employment experience  
35 to a successor in interest shall become effective as of the first day of  
36 the calendar quarter following the acquisition by the successor in  
37 interest. As of the effective date, the successor in interest shall  
38 have its employer rate recalculated by merging its existing  
39 employment experience, if any, with the employment experience  
40 acquired. If the successor in interest is not an employer as of the  
41 date of acquisition, it shall be assigned the new employer rate until  
42 the effective date of the transfer of employment experience.

43 (F) Upon the transfer in whole or in part of the organization,  
44 trade, assets or business to a successor in interest, the employment  
45 experience shall not be transferred if the successor in interest is not  
46 an employer at the time of the acquisition and the controller finds



1 that the successor in interest acquired the business solely or  
2 primarily for the purpose of obtaining a lower rate of contributions.

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

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

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

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

1 instrumentality electing or required to make payments in lieu of  
2 contributions and which is covered by the State plan under the  
3 "Temporary Disability Benefits Law," except that, while the worker  
4 is exempt from the provisions of the "Temporary Disability Benefits  
5 Law" under section 7 of that law, P.L.1948, c.110 (C.43:21-31) or  
6 any other provision of that law, or is covered for disability benefits  
7 by an approved private plan of the employer, the contributions to  
8 the fund shall be 0.125%.

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

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

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

1 employer, provided that the contributions shall be at the rate of  
2 0.10% of wages paid with respect to employment with the State of  
3 New Jersey or any other governmental entity or instrumentality  
4 electing or required to make payments in lieu of contributions.

5 Each worker shall, starting on January 1, 1998 and ending  
6 December 31, 1998, contribute to the unemployment compensation  
7 fund 0.10% of wages paid with respect to the worker's employment  
8 with a governmental employer electing or required to pay  
9 contributions or nongovernmental employer, including a nonprofit  
10 organization which is an employer as defined under paragraph (6)  
11 of subsection (h) of R.S.43:21-19, regardless of whether that  
12 nonprofit organization elects or is required to finance its benefit  
13 costs with contributions to the fund or by payments in lieu of  
14 contributions, after that employer has satisfied the conditions set  
15 forth in subsection (h) of R.S.43:21-19 with respect to becoming an  
16 employer, provided that the contributions shall be at the rate of  
17 0.10% of wages paid with respect to employment with the State of  
18 New Jersey or any other governmental entity or instrumentality  
19 electing or required to make payments in lieu of contributions.

20 Each worker shall, starting on January 1, 1999 until December  
21 31, 1999, contribute to the unemployment compensation fund  
22 0.15% of wages paid with respect to the worker's employment with  
23 a governmental employer electing or required to pay contributions  
24 or nongovernmental employer, including a nonprofit organization  
25 which is an employer as defined under paragraph (6) of subsection  
26 (h) of R.S.43:21-19, regardless of whether that nonprofit  
27 organization elects or is required to finance its benefit costs with  
28 contributions to the fund or by payments in lieu of contributions,  
29 after that employer has satisfied the conditions set forth in  
30 subsection (h) of R.S.43:21-19 with respect to becoming an  
31 employer, provided that the contributions shall be at the rate of  
32 0.10% of wages paid with respect to employment with the State of  
33 New Jersey or any other governmental entity or instrumentality  
34 electing or required to make payments in lieu of contributions.

35 Each worker shall, starting on January 1, 2000 until December  
36 31, 2001, contribute to the unemployment compensation fund  
37 0.20% of wages paid with respect to the worker's employment with  
38 a governmental employer electing or required to pay contributions  
39 or nongovernmental employer, including a nonprofit organization  
40 which is an employer as defined under paragraph (6) of subsection  
41 (h) of R.S.43:21-19, regardless of whether that nonprofit  
42 organization elects or is required to finance its benefit costs with  
43 contributions to the fund or by payments in lieu of contributions,  
44 after that employer has satisfied the conditions set forth in  
45 subsection (h) of R.S.43:21-19 with respect to becoming an  
46 employer, provided that the contributions shall be at the rate of  
47 0.10% of wages paid with respect to employment with the State of

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

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

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

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

- 1 (F) As used in this chapter (R.S.43:21-1 et seq.), except when  
2 the context clearly requires otherwise, the term "contributions" shall  
3 include the contributions of workers pursuant to this section.
- 4 (G) Each worker shall, starting on July 1, 1994, contribute to the  
5 State disability benefits fund an amount equal to 0.50% of wages  
6 paid with respect to the worker's employment with a government  
7 employer electing or required to pay contributions to the State  
8 disability benefits fund or nongovernmental employer, including a  
9 nonprofit organization which is an employer as defined under  
10 paragraph (6) of subsection (h) of R.S.43:21-19, unless the  
11 employer is covered by an approved private disability plan or is  
12 exempt from the provisions of the "Temporary Disability Benefits  
13 Law," P.L.1948, c.110 (C.43:21-25 et seq.) under section 7 of that  
14 law (C.43:21-31) or any other provision of that law.
- 15 (2) (A) (Deleted by amendment, P.L.1984, c.24.)  
16 (B) (Deleted by amendment, P.L.1984, c.24.)  
17 (C) (Deleted by amendment, P.L.1994, c.112.)  
18 (D) (Deleted by amendment, P.L.1994, c.112.)  
19 (E) (i) (Deleted by amendment, P.L.1994, c.112.)  
20 (ii) (Deleted by amendment, P.L.1996, c.28.)  
21 (iii) (Deleted by amendment, P.L.1994, c.112.)
- 22 (3) If an employee receives wages from more than one employer  
23 during any calendar year, and either the sum of his contributions  
24 deposited in and credited to the State disability benefits fund plus  
25 the amount of his contributions, if any, required towards the costs  
26 of benefits under one or more approved private plans under the  
27 provisions of section 9 of the "Temporary Disability Benefits Law"  
28 (C.43:21-33) and deducted from his wages, or the sum of such latter  
29 contributions, if the employee is covered during such calendar year  
30 only by two or more private plans, exceeds an amount equal to 1/2  
31 of 1% of the "wages" determined in accordance with the provisions  
32 of R.S.43:21-7(b)(3) during the calendar years beginning on or after  
33 January 1, 1976, the employee shall be entitled to a refund of the  
34 excess if he makes a claim to the controller within two years after  
35 the end of the calendar year in which the wages are received with  
36 respect to which the refund is claimed and establishes his right to  
37 such refund. Such refund shall be made by the controller from the  
38 State disability benefits fund. No interest shall be allowed or paid  
39 with respect to any such refund. The controller shall, in accordance  
40 with prescribed regulations, determine the portion of the aggregate  
41 amount of such refunds made during any calendar year which is  
42 applicable to private plans for which deductions were made under  
43 section 9 of the "Temporary Disability Benefits Law" (C.43:21-33)  
44 such determination to be based upon the ratio of the amount of such  
45 wages exempt from contributions to such fund, as provided in  
46 subparagraph (B) of paragraph (1) of this subsection with respect to  
47 coverage under private plans, to the total wages so exempt plus the

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

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

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

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

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

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

1 experience accumulated in the account of the State of New Jersey  
2 and establish a rate for the next following fiscal year which, in  
3 combination with worker contributions, will produce sufficient  
4 revenue to keep the account in balance; except that the rate so  
5 established shall not be less than 1/10 of 1%. Such contributions  
6 shall become due and be paid by the employer to the controller for  
7 the State disability benefits fund as established by law, in  
8 accordance with such regulations as may be prescribed, and shall  
9 not be deducted, in whole or in part, from the remuneration of  
10 individuals in his employ. In the payment of any contributions, a  
11 fractional part of a cent shall be disregarded unless it amounts to  
12 \$0.005 or more, in which case it shall be increased to \$0.01.

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

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

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

44 (C) The controller may prescribe regulations for the  
45 establishment, maintenance, and dissolution of joint accounts by  
46 two or more employers, and shall, in accordance with such  
47 regulations and upon application by two or more employers to

1 establish such an account, or to merge their several individual  
2 accounts in a joint account, maintain such joint account as if it  
3 constituted a single employer's account.

4 (D) Prior to July 1 of each calendar year, the controller shall  
5 make a preliminary determination of the rate of contribution for the  
6 12 months commencing on such July 1 for each employer subject to  
7 the contribution requirements of this subsection (e).

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

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

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

19 (ii)  $\frac{15}{100}$  of 1% if such excess over \$500.00 equals or exceeds  
20  $1\frac{1}{4}\%$  but is less than  $1\frac{1}{2}\%$  of his average annual payroll;

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

23 (3) If the minimum requirements in (1) above have been  
24 fulfilled and the contributions credited exceed the benefits charged  
25 but by not more than \$500.00 plus 1% of his average annual  
26 payroll, or if the benefits charged exceed the contributions credited  
27 but by not more than \$500.00, the preliminary rate shall be  $\frac{1}{4}$  of  
28 1%.

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

32 (i)  $\frac{35}{100}$  of 1% if such excess over \$500.00 is less than  $\frac{1}{4}$  of  
33 1% of his average annual payroll;

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

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

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

40 (v)  $\frac{75}{100}$  of 1% if such excess over \$500.00 equals or exceeds  
41 1% of his average annual payroll.

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



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

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

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

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

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

43 (iv) If the amount of the State disability benefits fund  
44 determined as provided in paragraph (E)(1) of this subsection is  
45 equal to or less than  $\frac{1}{4}$  of 1%, then the final rate shall be  $\frac{2}{5}$  of 1%  
46 in the case of an employer whose preliminary rate is determined as  
47 provided in (D)(2) hereof,  $\frac{7}{10}$  of 1% in the case of an employer

1 whose preliminary rate is determined as provided in (D)(1) and  
2 (D)(3) hereof, and 1.1% in the case of an employer whose  
3 preliminary rate is determined as provided in (D)(4) hereof.  
4 Notwithstanding any other provision of law or any determination  
5 made by the controller with respect to any 12-month period  
6 commencing on July 1, 1970, the final rates for all employers for  
7 the period beginning January 1, 1971, shall be as set forth herein.  
8 (cf: P.L.2005, c.249, s.1)

9

10 2. This act shall take effect immediately.

11

12

13

14

15 Provides triggers for reductions of employer unemployment  
16 insurance taxes.

**SENATE, No. 562**

**STATE OF NEW JERSEY**  
**213th LEGISLATURE**

PRE-FILED FOR INTRODUCTION IN THE 2008 SESSION

**Sponsored by:**

**Senator STEPHEN M. SWEENEY**

**District 3 (Salem, Cumberland and Gloucester)**

**Senator PAUL A. SARLO**

**District 36 (Bergen, Essex and Passaic)**

**Co-Sponsored by:**

**Senator Madden**

**SYNOPSIS**

Provides triggers for reductions of employer unemployment insurance taxes.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel



**(Sponsorship Updated As Of: 3/7/2008)**

1 AN ACT concerning employer contributions to the unemployment  
2 compensation fund and amending R.S.43:21-7.

3

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

6

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

8 43:21-7. Contributions. Employers other than governmental  
9 entities, whose benefit financing provisions are set forth in section 4  
10 of P.L.1971, c.346 (C.43:21-7.3), and those nonprofit organizations  
11 liable for payment in lieu of contributions on the basis set forth in  
12 section 3 of P.L.1971, c.346 (C.43:21-7.2), shall pay to the  
13 controller for the unemployment compensation fund, contributions  
14 as set forth in subsections (a), (b) and (c) hereof, and the provisions  
15 of subsections (d) and (e) shall be applicable to all employers,  
16 consistent with the provisions of the "unemployment compensation  
17 law" and the "Temporary Disability Benefits Law," P.L.1948, c.110  
18 (C.43:21-25 et seq.).

19 (a) Payment.

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

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

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

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

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

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

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

31 (c) Future rates based on benefit experience.

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

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

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

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

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

40 (4) Employer Reserve Ratio. (A) Each employer's rate shall be  
41  $2\frac{8}{10}\%$ , except as otherwise provided in the following provisions.  
42 No employer's rate for the 12 months commencing July 1 of any  
43 calendar year shall be other than  $2\frac{8}{10}\%$ , unless as of the  
44 preceding January 31 such employer shall have paid contributions  
45 with respect to wages paid in each of the three calendar years  
46 immediately preceding such year, in which case such employer's  
47 rate for the 12 months commencing July 1 of any calendar year

1 shall be determined on the basis of his record up to the beginning of  
2 such calendar year. If, at the beginning of such calendar year, the  
3 total of all his contributions, paid on his own behalf, for all past  
4 years exceeds the total benefits charged to his account for all such  
5 years, his contribution rate shall be:

6 (1)  $2\frac{5}{10}\%$ , if such excess equals or exceeds 4%, but less than  
7 5%, of his average annual payroll (as defined in paragraph (2),  
8 subsection (a) of R.S.43:21-19);

9 (2)  $2\frac{2}{10}\%$ , if such excess equals or exceeds 5%, but is less  
10 than 6%, of his average annual payroll;

11 (3)  $1\frac{9}{10}\%$ , if such excess equals or exceeds 6%, but is less  
12 than 7%, of his average annual payroll;

13 (4)  $1\frac{6}{10}\%$ , if such excess equals or exceeds 7%, but is less  
14 than 8%, of his average annual payroll;

15 (5)  $1\frac{3}{10}\%$ , if such excess equals or exceeds 8%, but is less  
16 than 9%, of his average annual payroll;

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

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

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

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

27 (1) 4%, if such excess is less than 10% of his average annual  
28 payroll;

29 (2)  $4\frac{3}{10}\%$ , if such excess equals or exceeds 10%, but is less  
30 than 20%, of his average annual payroll;

31 (3)  $4\frac{6}{10}\%$ , if such excess equals or exceeds 20% of his  
32 average annual payroll.

33 (C) Specially assigned rates.

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

38 if the reserve balance in its account is positive, its assigned rate  
39 shall be the highest rate in effect for positive balance accounts for  
40 that period, or 5.4%, whichever is higher, and

41 if the reserve balance in its account is negative, its assigned rate  
42 shall be the highest rate in effect for deficit accounts for that period.

43 (ii) If, following the purchase of a corporation with little or no  
44 activity, known as a corporate shell, the resulting employing unit  
45 operates a new or different business activity, the employing unit  
46 shall be assigned a new employer rate.

1 (iii) Entities operating under common ownership, management  
2 or control, when the operation of the entities is not identifiable,  
3 distinguishable and severable, shall be considered a single employer  
4 for the purposes of this chapter ( R.S. 43:21-1 et seq.).

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

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

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



1 (B) If on March 31 of any calendar year the balance in the  
2 unemployment trust fund equals or exceeds 10% but is less than 12  
3 1/2% of the total taxable wages reported to the controller as of that  
4 date in respect to employment during the preceding calendar year,  
5 the contribution rate, effective July 1 following, of each employer  
6 eligible for a contribution rate calculation based upon benefit  
7 experience, shall be reduced by 3/10 of 1% under the contribution  
8 rate otherwise established under the provisions of paragraphs (3)  
9 and (4) of this subsection; provided that in no event shall the  
10 contribution rate of any employer be reduced to less than 4/10 of  
11 1%. If on March 31 of any calendar year the balance in the  
12 unemployment trust fund equals or exceeds 12 1/2% of the total  
13 taxable wages reported to the controller as of that date in respect to  
14 employment during the preceding calendar year, the contribution  
15 rate, effective July 1 following, of each employer eligible for a  
16 contribution rate calculation based upon benefit experience, shall be  
17 reduced by 6/10 of 1% if his account for all past periods reflects an  
18 excess of contributions paid over total benefits charged of 3% or  
19 more of his average annual payroll, otherwise by 3/10 of 1% under  
20 the contribution rate otherwise established under the provisions of  
21 paragraphs (3) and (4) of this subsection; provided that in no event  
22 shall the contribution rate of any employer be reduced to less than  
23 4/10 of 1%.

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

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

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

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

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

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

41 (v) **【**With respect to the experience rating year beginning on  
42 July 1, 2003, the new employer rate or the unemployment  
43 experience rate of an employer under this section shall be the rate  
44 which appears in the column headed by the Unemployment Trust  
45 Fund Reserve Ratio as of the applicable calculation date and on the  
46 line with the Employer Reserve Ratio, as defined in paragraph 4 of

**S562 SWEENEY, SARLO**

1 this subsection (R.S.43:21-7 (c)(4)), as set forth in the following  
2 table:

**EXPERIENCE RATING TAX TABLE**

	Fund Reserve Ratio <sup>1</sup>				
	2.50%	2.00%	1.50%	1.00%	0.99%
Employer Reserve Ratio <sup>2</sup>	and Over	to 2.49%	to 1.99%	to 1.49%	and Under
	A	B	C	D	E
9 Positive Reserve Ratio:					
10 17% and over	0.3	0.4	0.5	0.6	1.2
11 16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
12 15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
13 14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
14 13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
15 12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
16 11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
17 10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
18 9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
19 8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
20 7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
21 6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
22 5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
23 4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
24 3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
25 2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
26 1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
27 0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
28 Deficit Reserve Ratio:					
29 -0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
30 -3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
31 -6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
32 -9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4
33 -12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5
34 -15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6
35 -20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7
36 -25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8
37 -30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9
38 -35.00% and under	5.4	5.4	5.8	6.4	7.0
39 New Employer Rate	2.8	2.8	2.8	3.1	3.4

40 <sup>1</sup>Fund balance as of March 31 as a percentage of taxable wages  
41 in the prior calendar year.

42 <sup>2</sup>Employer Reserve Ratio (Contributions minus benefits as a  
43 percentage of employer's taxable wages). ~~】 (Deleted by amendment,~~  
44 P.L. \_\_\_\_\_, c. \_\_\_\_\_)

45 (vi) With respect to experience rating years beginning on or  
46 after July 1, 2004, the new employer rate or the unemployment  
47 experience rate of an employer under this section shall be the rate

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

## EXPERIENCE RATING TAX TABLE

7	Fund Reserve Ratio <sup>1</sup>					
	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 <sup>2</sup>	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 <sup>1</sup>Fund balance as of March 31 as a percentage of taxable wages  
 44 in the prior calendar year.

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

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

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

9 (iii) With respect to experience rating years beginning on or  
10 after July 1, 2004, if the fund reserve ratio, based on the fund  
11 balance as of the prior March 31, is less than 0.50%, the  
12 contribution rate for each employer liable to pay contributions, as  
13 computed under subparagraph (E) of this paragraph (5), shall be  
14 increased by a factor of 10% computed to the nearest multiple of  
15 1/10% if not already a multiple 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  
19 subparagraph (E) of this paragraph (5), shall be decreased by 0.1%,  
20 except that, during any experience rating year starting before  
21 January 1, 1998 in which the fund reserve ratio is equal to or greater  
22 than 7.00% or during any experience rating year starting on or after  
23 January 1, 1998, in which the fund reserve ratio is equal to or  
24 greater than 3.5%, there shall be no decrease pursuant to this  
25 subparagraph (G) in the contribution of any employer who has a  
26 deficit reserve ratio of 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  
34 not be reduced pursuant to this subparagraph (H) to less than 5.4%.  
35 The amount of the reduction in the employer contributions  
36 stipulated by this subparagraph (H) shall be in addition to the  
37 amount of the reduction in the employer contributions stipulated by  
38 subparagraph (G) of this paragraph (5), except that the rate of  
39 contribution of an employer who has a deficit reserve ratio of  
40 negative 35.0% or under shall not be reduced pursuant to this  
41 subparagraph (H) to less than 5.4% and the rate of contribution of  
42 any other employer shall not be reduced to less than 0.0%. On or  
43 after January 1, 1994 until December 31, 1995, except as provided  
44 pursuant to subparagraph (I) of this paragraph (5), notwithstanding  
45 any other provisions of this paragraph (5), the contribution rate for  
46 each employer liable to pay contributions, as computed under  
47 subparagraph (E) of this paragraph (5), shall be decreased by a

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

13 On or after April 1, 1996 until December 31, 1996, 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 25.0% 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  
19 not be reduced pursuant to this subparagraph (H) to less than 5.4%.  
20 The amount of the reduction in the employer contributions  
21 stipulated by this subparagraph (H) shall be in addition to the  
22 amount of the reduction in the employer contributions stipulated by  
23 subparagraph (G) of this paragraph (5), except that the rate of  
24 contribution of an employer who has a deficit reserve ratio of  
25 negative 35.0% or under shall not be reduced pursuant to this  
26 subparagraph (H) to less than 5.4% and the rate of contribution of  
27 any other employer shall not be reduced to less than 0.0%.

28 On or after January 1, 1997 until December 31, 1997, 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 10.0% 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  
34 not be reduced pursuant to this subparagraph (H) to less than 5.4%.  
35 The amount of the reduction in the employer contributions  
36 stipulated by this subparagraph (H) shall be in addition to the  
37 amount of the reduction in the employer contributions stipulated by  
38 subparagraph (G) of this paragraph (5), except that the rate of  
39 contribution of an employer who has a deficit reserve ratio of  
40 negative 35.0% or under shall not be reduced pursuant to this  
41 subparagraph (H) to less than 5.4% and the rate of contribution of  
42 any other employer shall not be reduced to less than 0.0%.  
43 (Deleted by amendment, P.L. \_\_\_\_\_, c. \_\_\_\_\_)

44 On and after January 1, 1998 until December 31, 2000 and on or  
45 after January 1, 2002 until June 30, 2006, the contribution rate for  
46 each employer liable to pay contributions, as computed under  
47 subparagraph (E) of this paragraph (5), shall be decreased by a

1 factor, as set out below, computed to the nearest multiple of 1/10%,  
2 except that, if an employer has a deficit reserve ratio of negative  
3 35.0% or under, the employer's rate of contribution shall not be  
4 reduced pursuant to this subparagraph (H) to less than 5.4%:

5 From January 1, 1998 until December 31, 1998, a factor of 12%;  
6 From January 1, 1999 until December 31, 1999, a factor of 10%;  
7 From January 1, 2000 until December 31, 2000, a factor of 7%;  
8 From January 1, 2002 until March 31, 2002, a factor of 36%;  
9 From April 1, 2002 until June 30, 2002, a factor of 85%;  
10 From July 1, 2002 until June 30, 2003, a factor of 15%;  
11 From July 1, 2003 until June 30, 2004, a factor of 15%;  
12 From July 1, 2004 until June 30, 2005, a factor of 7%;  
13 From July 1, 2005 until December 31, 2005, a factor of 16%; and  
14 From January 1, 2006 until June 30, 2006, a factor of 34%.

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

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

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

1 shall, prior to March 31, 2000, transfer from the General Fund to  
2 the unemployment compensation fund, revenues in the amount  
3 specified by the commissioner and which, upon deposit in the  
4 unemployment compensation fund, shall result, upon recalculation,  
5 in a fund reserve ratio used to determine employer contributions  
6 beginning July 1, 2000 of at least 3.00%. ~~] (Deleted by amendment,~~  
7 ~~P.L. \_\_\_\_\_, c. \_\_\_\_\_)~~

8 (J) On or after July 1, 2001, notwithstanding any other  
9 provisions of this paragraph (5), the contribution rate for each  
10 employer liable to pay contributions, as computed under  
11 subparagraph (E) of this paragraph (5), shall be decreased by  
12 0.0175%, except that, during any experience rating year starting on  
13 or after July 1, 2001, in which the fund reserve ratio is equal to or  
14 greater than 3.5%, there shall be no decrease pursuant to this  
15 subparagraph (J) in the contribution of any employer who has a  
16 deficit reserve ratio of negative 35.00% or under. The amount of the  
17 reduction in the employer contributions stipulated by this  
18 subparagraph (J) shall be in addition to the amount of the reduction  
19 in the employer contributions stipulated by subparagraphs (G) and  
20 (H) of this paragraph (5), except that the rate of contribution of an  
21 employer who has a deficit reserve ratio of negative 35.0% or under  
22 shall not be reduced pursuant to this subparagraph (J) to less than  
23 5.4% and the rate of contribution of any other employer shall not be  
24 reduced to less than 0.0%.

25 (K) With respect to experience rating years beginning on or after  
26 July 1, 2007, if the fund reserve ratio, based on the fund balance as  
27 of the prior March 31, is:

28 (1) Equal to or greater than 5.00% but less than 7.5%, the  
29 contribution rate for each employer liable to pay contributions, as  
30 computed under subparagraph (E) of this paragraph (5), shall be  
31 reduced by a factor of 25% computed to the nearest multiple of  
32 1/10% if not already a multiple thereof except that there shall be no  
33 decrease pursuant to this subparagraph (K) in the contribution of  
34 any employer who has a deficit reserve ratio of 35.00% or under.

35 (2) Equal to or greater than 7.5% but less than 10.0%, the  
36 contribution rate for each employer liable to pay contributions, as  
37 computed under subparagraph (E) of this paragraph (5), shall be  
38 reduced by a factor of 50% computed to the nearest multiple of  
39 1/10% if not already a multiple thereof except that there shall be no  
40 decrease pursuant to this subparagraph (K) in the contribution of  
41 any employer who has a deficit reserve ratio of 35.00% or under.

42 (6) Additional contributions.

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

1 recomputation of the experience rate applicable to such employer,  
2 including in the calculation the additional contribution so made,  
3 except that, following a transfer as described under R.S.43:21-  
4 7(c)(7)(D), neither the predecessor nor successor in interest shall be  
5 eligible to make a voluntary payment of additional contributions  
6 during the year the transfer occurs and the next full calendar year.  
7 Any such additional contribution shall be made during the 30-day  
8 period following the date of the mailing to the employer of the  
9 notice of his contribution rate as prescribed in this section, unless,  
10 for good cause, the time for payment has been extended by the  
11 controller for not to exceed an additional 60 days; provided that in  
12 no event may such payments which are made later than 120 days  
13 after the beginning of the year for which such rates are effective be  
14 considered in determining the experience rate for the year in which  
15 the payment is made. Any employer receiving any extended period  
16 of time within which to make such additional payment and failing  
17 to make such payment timely shall be, in addition to the required  
18 amount of additional payment, liable for a penalty of 5% thereof or  
19 \$5.00, whichever is greater, not to exceed \$50.00. Any adjustment  
20 under this subsection shall be made only in the form of credits  
21 against accrued or future contributions.

22 (7) Transfers.

23 (A) Upon the transfer of the organization, trade or business, or  
24 substantially all the assets of an employer to a successor in interest,  
25 whether by merger, consolidation, sale, transfer, descent or  
26 otherwise, the controller shall transfer the employment experience  
27 of the predecessor employer to the successor in interest, including  
28 credit for past years, contributions paid, annual payrolls, benefit  
29 charges, et cetera, applicable to such predecessor employer,  
30 pursuant to regulation, if it is determined that the employment  
31 experience of the predecessor employer with respect to the  
32 organization, trade, assets or business which has been transferred  
33 may be considered indicative of the future employment experience  
34 of the successor in interest. The successor in interest may, within  
35 four months of the date of such transfer of the organization, trade,  
36 assets or business, or thereafter upon good cause shown, request a  
37 reconsideration of the transfer of employment experience of the  
38 predecessor employer. The request for reconsideration shall  
39 demonstrate, to the satisfaction of the controller, that the  
40 employment experience of the predecessor is not indicative of the  
41 future employment experience of the successor.

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



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

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

23 (D) If an employer who transfers in whole or in part his or its  
24 organization, trade, assets or business to a successor in interest,  
25 whether by merger, consolidation, sale, transfer, descent or  
26 otherwise and both the employer and successor in interest are at the  
27 time of the transfer under common ownership, management or  
28 control, then the employment experience attributable to the  
29 transferred business shall also be transferred to and combined with  
30 the employment experience of the successor in interest. The  
31 transfer of the employment experience is mandatory and not subject  
32 to appeal or protest.

33 (E) The transfer of part of an employer's employment experience  
34 to a successor in interest shall become effective as of the first day of  
35 the calendar quarter following the acquisition by the successor in  
36 interest. As of the effective date, the successor in interest shall  
37 have its employer rate recalculated by merging its existing  
38 employment experience, if any, with the employment experience  
39 acquired. If the successor in interest is not an employer as of the  
40 date of acquisition, it shall be assigned the new employer rate until  
41 the effective date of the transfer of employment experience.

42 (F) Upon the transfer in whole or in part of the organization,  
43 trade, assets or business to a successor in interest, the employment  
44 experience shall not be transferred if the successor in interest is not  
45 an employer at the time of the acquisition and the controller finds  
46 that the successor in interest acquired the business solely or  
47 primarily for the purpose of obtaining a lower rate of contributions.

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

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

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

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

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

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

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

35 Each worker shall, starting on January 1, 1996 and ending March  
36 31, 1996, contribute to the unemployment compensation fund  
37 0.60% of wages paid with respect to the worker's employment with  
38 a governmental employer electing or required to pay contributions  
39 or nongovernmental employer, including a nonprofit organization  
40 which is an employer as defined under paragraph (6) of subsection  
41 (h) of R.S.43:21-19, regardless of whether that nonprofit  
42 organization elects or is required to finance its benefit costs with  
43 contributions to the fund or by payments in lieu of contributions,  
44 after that employer has satisfied the conditions set forth in  
45 subsection (h) of R.S.43:21-19 with respect to becoming an  
46 employer, provided that the contributions shall be at the rate of  
47 0.10% of wages paid with respect to employment with the State of

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

10 (2) If the minimum requirements in (1) above have been  
11 fulfilled and the credited contributions exceed the benefits charged  
12 by more 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  
14 less than  $1\frac{1}{4}$ % of his average annual payroll as defined in this  
15 chapter (R.S.43:21-1 et seq.);

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

20 (3) If the minimum requirements in (1) above have been  
21 fulfilled and the contributions credited exceed the benefits charged  
22 but by not more than \$500.00 plus 1% of his average annual  
23 payroll, or if the benefits charged exceed the contributions credited  
24 but by not more than \$500.00, the preliminary rate shall be  $\frac{1}{4}$  of  
25 1%.

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

29 (i)  $\frac{35}{100}$  of 1% if such excess over \$500.00 is less than  $\frac{1}{4}$  of  
30 1% of his average annual payroll;

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

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

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

37 (v)  $\frac{75}{100}$  of 1% if such excess over \$500.00 equals or exceeds  
38 1% of his average annual payroll.

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

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

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

12 (2) The controller shall then make a final determination of the  
13 rates of contribution for the 12 months commencing July 1 of such  
14 year for employers whose preliminary rates are determined as  
15 provided in (D) 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  
18 employer rates shall be the preliminary rates determined as  
19 provided in (D) hereof, except that if the employer's preliminary  
20 rate is determined as provided in (D)(2) or (D)(3) hereof, the final  
21 employer rate shall be the preliminary employer rate decreased by  
22 such percentage of excess taken to the nearest  $\frac{5}{100}$  of 1%, but in  
23 no case shall such final rate 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  
26 than  $1\frac{1}{4}$  of 1%, the final employer rates shall be the preliminary  
27 employer 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  $\frac{1}{4}$   
30 of 1%, the final employer rates shall be the preliminary employer  
31 rates determined as provided in (D) hereof increased by the  
32 difference between  $\frac{3}{4}$  of 1% and such percentage taken to the  
33 nearest  $\frac{5}{100}$  of 1%; provided, however, that no such final rate  
34 shall be more than  $\frac{1}{4}$  of 1% in the case of an employer whose  
35 preliminary rate is determined as provided in (D)(2) hereof, more  
36 than  $\frac{1}{2}$  of 1% in the case of an employer whose preliminary rate is  
37 determined as provided in (D)(1) and (D)(3) hereof, nor more than  
38  $\frac{3}{4}$  of 1% in the case of an employer whose preliminary rate is  
39 determined as provided in (D)(4) hereof.

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

1 Notwithstanding any other provision of law or any determination  
2 made by the controller with respect to any 12-month period  
3 commencing on July 1, 1970, the final rates for all employers for  
4 the period beginning January 1, 1971, shall be as set forth herein.  
5 (cf: P.L.2005, c.249, s.1)

6

7 2. This act shall take effect immediately.

8

9

10

STATEMENT

11

12 This bill provides new, reduced unemployment insurance (UI)  
13 tax schedules when the reserve ratio of the State's UI trust fund  
14 exceeds 5.0%, which would represent a UI fund balance of \$3.6  
15 billion in 2007. For any experience rating year beginning on or  
16 after July 1, 2007, the bill would reduce UI taxes by 25% from the  
17 rates provided under the "A" UI tax schedule if the ratio exceeds  
18 5.0% and reduce the taxes by 50% if the ratio exceeds 7.5%. The  
19 "reserve ratio" means the UI trust fund balance as of March 31 as a  
20 percentage of all wages subject to UI taxes during the prior calendar  
21 year.

22 Aside from the direct employer benefit of reduced UI taxes, this  
23 would help to prevent an excessive build up in the UI fund balance  
24 during periods of growth and high employment, thus reducing the  
25 likelihood of the redirection of UI tax revenues to other purposes.  
26 The most recent redirection of UI tax revenues, totaling \$1.5 billion  
27 to the Health Care Subsidy Fund from 2002 to 2005, occurred after  
28 UI reserve ratios exceeding 5.0% every year of the 1990's resulted,  
29 in 2001, in a record high UI fund balance of \$3.5 billion and a  
30 reserve ratio of 6.0%.

# SENATE LABOR COMMITTEE

## STATEMENT TO

### SENATE, No. 562

# STATE OF NEW JERSEY

DATED: MARCH 6, 2008

The Senate Labor Committee reports favorably Senate Bill No. 562.

This bill provides new, reduced unemployment insurance (UI) tax schedules when the reserve ratio of the State's UI trust fund exceeds 5.0%, which would represent a UI fund balance of \$3.7 billion in 2008. For any experience rating year beginning on or after July 1, 2009, the bill would reduce UI taxes by 25% from the rates provided under the "A" UI tax schedule if the ratio exceeds 5.0% and reduce the taxes by 50% if the ratio exceeds 7.5%. The "reserve ratio" means the UI trust fund balance as of March 31 as a percentage of all wages subject to UI taxes during the prior calendar year.

Aside from the direct employer benefit of reduced UI taxes, this would help to prevent an excessive build up in the UI fund balance during periods of growth and high employment, thus reducing the likelihood of the redirection of UI tax revenues to other purposes. The most recent redirection of UI tax revenues, totaling \$1.5 billion to the Health Care Subsidy Fund from 2002 to 2005, occurred after UI reserve ratios exceeding 5.0% every year of the 1990's resulted, in 2001, in a record high UI fund balance of \$3.5 billion and a reserve ratio of 6.0%

This bill was pre-filed for introduction in the 2008-2009 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 562

# STATE OF NEW JERSEY

DATED: MAY 19, 2008

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 562.

This bill provides new, reduced unemployment insurance (UI) tax schedules when the reserve ratio of the State's UI trust fund exceeds 5.0%, which would represent a UI trust fund balance of \$3.7 billion in 2008. For any experience rating year beginning on or after July 1, 2009, the bill would reduce UI taxes by 25% from the rates provided under the "A" UI tax schedule if the ratio exceeds 5.0% and reduce the taxes by 50% if the ratio exceeds 7.5%. The "reserve ratio" means the UI trust fund balance as of March 31 as a percentage of all wages subject to UI taxes during the prior calendar year.

This bill is identical to Assembly Bill No. 1503.

#### FISCAL IMPACT:

According to information provided by the Department of Labor and Workforce Development (DOLWD), the estimated UI trust fund balance on March 31, 2008 was \$977.3 million, yielding a fund "reserve ratio" on that date of 1.35%. (The "reserve ratio" is the UI trust fund balance as of March 31 of a given year as a percentage of all wages subject to UI taxes during the prior calendar year.) In order to meet the 5% reserve ratio threshold required to trigger the tax reduction proposed by this bill, the balance of the UI fund would need to grow by \$2.5 billion to reach approximately \$3.7 billion. Current projections by the DOLWD for the UI fund balance indicate that for 2009, 2010, and 2011, the UI trust fund will not have a reserve ratio above 1.5%. Based on these projections, the Office of Legislative Services notes that it is extremely unlikely that the reduction in rates provided under this bill would be triggered through at least 2011.

# ASSEMBLY BUDGET COMMITTEE

## STATEMENT TO

### SENATE, No. 562

# STATE OF NEW JERSEY

DATED: JUNE 15, 2009

The Assembly Budget Committee reports favorably Senate Bill No. 562.

The bill provides new, reduced unemployment insurance (UI) tax schedules when the reserve ratio of the State's UI trust fund exceeds 5.0%, which would represent a UI trust fund balance of \$3.7 billion in 2008. For any experience rating year beginning on or after July 1, 2009, the bill would reduce UI taxes by 25% from the rates provided under the "A" UI tax schedule if the ratio exceeds 5.0% and reduce the taxes by 50% if the ratio exceeds 7.5%. The "reserve ratio" means the UI trust fund balance as of March 31 as a percentage of all wages subject to UI taxes during the prior calendar year.

This bill is identical to Assembly Bill No. 1503, as also reported by the committee.

#### FISCAL IMPACT:

According to information provided by the Department of Labor and Workforce Development (DOLWD), the estimated UI trust fund balance on March 31, 2008 was \$977.3 million, yielding a fund "reserve ratio" on that date of 1.35%. (The "reserve ratio" is the UI trust fund balance as of March 31 of a given year as a percentage of all wages subject to UI taxes during the prior calendar year.) In order to meet the 5% reserve ratio threshold required to trigger the tax reduction proposed by this bill, the balance of the UI fund would need to grow by \$2.5 billion to reach approximately \$3.7 billion. Current projections by the DOLWD for the UI fund balance indicate that for 2009, 2010, and 2011, the UI trust fund will not have a reserve ratio above 1.5%. Based on these projections, the Office of Legislative Services notes that it is extremely unlikely that the reduction in rates provided under this bill would be triggered through at least 2011.

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 562**  
**STATE OF NEW JERSEY**  
**213th LEGISLATURE**

DATED: MAY 19, 2008

**SUMMARY**

**Synopsis:** Provides triggers for reductions of employer unemployment insurance taxes.

**Type of Impact:** None, in the next three years.

**Agencies Affected:** Department of Labor and Workforce Development

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>Unemployment Insurance Fund</b>	No Impact-See comments below		

- The Office of Legislative Services (OLS) estimates that Senate Bill No. 562 will result in no loss of revenue for the Unemployment Insurance Fund because the circumstances needed to trigger the decrease in employer tax contributions are extremely unlikely to occur in the next three years.

**BILL DESCRIPTION**

Senate Bill No. 562 of 2008 provides new, reduced unemployment insurance (UI) tax schedules when the reserve ratio of the State’s UI trust fund exceeds 5.0 percent, which would represent a UI fund balance of \$3.7 billion in 2008. For any experience rating year beginning on or after July 1, 2009, the bill would reduce UI taxes by 25 percent from the rates provided under the “A” UI tax schedule if the ratio exceeds 5.0 percent and reduce the taxes by 50 percent if the ratio exceeds 7.5 percent. The “reserve ratio” means the UI trust fund balance as of March 31 of a given year as a percentage of all wages subject to UI taxes during the prior calendar year.

**FISCAL ANALYSIS**

***EXECUTIVE BRANCH***

None received.

**OFFICE OF LEGISLATIVE SERVICES**

The Office of Legislative Services estimates that Senate Bill No. 562 will result in no loss of revenue for the Unemployment Insurance (UI) fund because the circumstances needed to trigger the decrease in employer tax contribution are extremely unlikely to occur in the next three years.

The department estimates that the UI fund balance on March 31, 2008 is \$977.3 million. This balance results in a “reserve ratio” of 1.35 percent. The “reserve ratio” is the UI trust fund balance as of March 31 of a given year as a percentage of all wages subject to UI taxes during the prior calendar year. Current projections for the UI fund balance indicate that for 2009, 2010, and 2011 the UI fund will not have a reserve ratio above 1.5 percent.

In order to meet the 5 percent reserve ratio threshold to trigger the tax reduction as proposed under S-562, the balance of the UI fund would need to grow by \$2.5 billion to reach approximately \$3.7 billion. It is extremely unlikely, given the current tax rate and the estimates for the fund balance, that the reserve ratio of the UI fund will grow by this amount and meet the 5 percent threshold to trigger the tax reduction in the next three years.

*Section: Commerce, Labor and Industry*

*Analyst: Robin C. Ford  
Assistant 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 (C. 52:13B-1 et seq.).



# ASSEMBLY, No. 1503

## STATE OF NEW JERSEY 213th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2008 SESSION

**Sponsored by:**

**Assemblyman JOHN J. BURZICHELLI**

**District 3 (Salem, Cumberland and Gloucester)**

**Assemblyman NELSON T. ALBANO**

**District 1 (Cape May, Atlantic and Cumberland)**

**SYNOPSIS**

Provides triggers for reductions of employer unemployment insurance taxes.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel



1 AN ACT concerning employer contributions to the unemployment  
2 compensation fund and amending R.S.43:21-7.

3

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

6

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

8 43:21-7. Contributions. Employers other than governmental  
9 entities, whose benefit financing provisions are set forth in section 4  
10 of P.L.1971, c.346 (C.43:21-7.3), and those nonprofit organizations  
11 liable for payment in lieu of contributions on the basis set forth in  
12 section 3 of P.L.1971, c.346 (C.43:21-7.2), shall pay to the  
13 controller for the unemployment compensation fund, contributions  
14 as set forth in subsections (a), (b) and (c) hereof, and the provisions  
15 of subsections (d) and (e) shall be applicable to all employers,  
16 consistent with the provisions of the "unemployment compensation  
17 law" and the "Temporary Disability Benefits Law," P.L.1948, c.110  
18 (C.43:21-25 et seq.).

19 (a) Payment.

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

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

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

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

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

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

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

31 (c) Future rates based on benefit experience.

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

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

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

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

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

40 (4) Employer Reserve Ratio. (A) Each employer's rate shall be  
41  $2 \frac{8}{10}\%$ , except as otherwise provided in the following provisions.  
42 No employer's rate for the 12 months commencing July 1 of any  
43 calendar year shall be other than  $2 \frac{8}{10}\%$ , unless as of the  
44 preceding January 31 such employer shall have paid contributions  
45 with respect to wages paid in each of the three calendar years  
46 immediately preceding such year, in which case such employer's  
47 rate for the 12 months commencing July 1 of any calendar year

1 shall be determined on the basis of his record up to the beginning of  
2 such calendar year. If, at the beginning of such calendar year, the  
3 total of all his contributions, paid on his own behalf, for all past  
4 years exceeds the total benefits charged to his account for all such  
5 years, his contribution rate shall be:

6 (1)  $2\frac{5}{10}\%$ , if such excess equals or exceeds 4%, but less than  
7 5%, of his average annual payroll (as defined in paragraph (2),  
8 subsection (a) of R.S.43:21-19);

9 (2)  $2\frac{2}{10}\%$ , if such excess equals or exceeds 5%, but is less  
10 than 6%, of his average annual payroll;

11 (3)  $1\frac{9}{10}\%$ , if such excess equals or exceeds 6%, but is less  
12 than 7%, of his average annual payroll;

13 (4)  $1\frac{6}{10}\%$ , if such excess equals or exceeds 7%, but is less  
14 than 8%, of his average annual payroll;

15 (5)  $1\frac{3}{10}\%$ , if such excess equals or exceeds 8%, but is less  
16 than 9%, of his average annual payroll;

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

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

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

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

27 (1) 4%, if such excess is less than 10% of his average annual  
28 payroll;

29 (2)  $4\frac{3}{10}\%$ , if such excess equals or exceeds 10%, but is less  
30 than 20%, of his average annual payroll;

31 (3)  $4\frac{6}{10}\%$ , if such excess equals or exceeds 20% of his  
32 average annual payroll.

33 (C) Specially assigned rates.

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

38 if the reserve balance in its account is positive, its assigned rate  
39 shall be the highest rate in effect for positive balance accounts for  
40 that period, or 5.4%, whichever is higher, and

41 if the reserve balance in its account is negative, its assigned rate  
42 shall be the highest rate in effect for deficit accounts for that period.

43 (ii) If, following the purchase of a corporation with little or no  
44 activity, known as a corporate shell, the resulting employing unit  
45 operates a new or different business activity, the employing unit  
46 shall be assigned a new employer rate.

1 (iii) Entities operating under common ownership, management  
2 or control, when the operation of the entities is not identifiable,  
3 distinguishable and severable, shall be considered a single employer  
4 for the purposes of this chapter ( R.S. 43:21-1 et seq.).

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

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

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

1 (B) If on March 31 of any calendar year the balance in the  
2 unemployment trust fund equals or exceeds 10% but is less than 12  
3 1/2% of the total taxable wages reported to the controller as of that  
4 date in respect to employment during the preceding calendar year,  
5 the contribution rate, effective July 1 following, of each employer  
6 eligible for a contribution rate calculation based upon benefit  
7 experience, shall be reduced by 3/10 of 1% under the contribution  
8 rate otherwise established under the provisions of paragraphs (3)  
9 and (4) of this subsection; provided that in no event shall the  
10 contribution rate of any employer be reduced to less than 4/10 of  
11 1%. If on March 31 of any calendar year the balance in the  
12 unemployment trust fund equals or exceeds 12 1/2% of the total  
13 taxable wages reported to the controller as of that date in respect to  
14 employment during the preceding calendar year, the contribution  
15 rate, effective July 1 following, of each employer eligible for a  
16 contribution rate calculation based upon benefit experience, shall be  
17 reduced by 6/10 of 1% if his account for all past periods reflects an  
18 excess of contributions paid over total benefits charged of 3% or  
19 more of his average annual payroll, otherwise by 3/10 of 1% under  
20 the contribution rate otherwise established under the provisions of  
21 paragraphs (3) and (4) of this subsection; provided that in no event  
22 shall the contribution rate of any employer be reduced to less than  
23 4/10 of 1%.

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

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

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

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

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

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

41 (v) **【**With respect to the experience rating year beginning on  
42 July 1, 2003, the new employer rate or the unemployment  
43 experience rate of an employer under this section shall be the rate  
44 which appears in the column headed by the Unemployment Trust  
45 Fund Reserve Ratio as of the applicable calculation date and on the  
46 line with the Employer Reserve Ratio, as defined in paragraph 4 of

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1 this subsection (R.S.43:21-7 (c)(4)), as set forth in the following  
2 table:

3 EXPERIENCE RATING TAX TABLE

4	Fund Reserve Ratio <sup>1</sup>					
	2.50%	2.00%	1.50%	1.00%	0.99%	
5	and	to	to	to	and	
6	Employer	Over	2.49%	1.99%	1.49%	
7	Reserve	A	B	C	D	
8	Ratio <sup>2</sup>	E				
9	Positive Reserve Ratio:					
10	17% and over	0.3	0.4	0.5	0.6	1.2
11	16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
12	15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
13	14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
14	13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
15	12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
16	11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
17	10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
18	9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
19	8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
20	7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
21	6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
22	5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
23	4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
24	3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
25	2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
26	1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
27	0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
28	Deficit Reserve Ratio:					
29	-0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
30	-3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
31	-6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
32	-9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4
33	-12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5
34	-15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6
35	-20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7
36	-25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8
37	-30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9
38	-35.00% and under	5.4	5.4	5.8	6.4	7.0
39	New Employer Rate	2.8	2.8	2.8	3.1	3.4

40 <sup>1</sup>Fund balance as of March 31 as a percentage of taxable wages  
41 in the prior calendar year.

42 <sup>2</sup>Employer Reserve Ratio (Contributions minus benefits as a  
43 percentage of employer's taxable wages). ~~(Deleted by amendment,~~  
44 P.L. \_\_\_\_\_, c. \_\_\_\_\_)

45 (vi) With respect to experience rating years beginning on or  
46 after July 1, 2004, the new employer rate or the unemployment  
47 experience rate of an employer under this section shall be the rate



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

6 EXPERIENCE RATING TAX TABLE

7	Fund Reserve Ratio <sup>1</sup>					
	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 <sup>2</sup>	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 <sup>1</sup>Fund balance as of March 31 as a percentage of taxable wages  
 44 in the prior calendar year.

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

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

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

9 (iii) With respect to experience rating years beginning on or  
10 after July 1, 2004, if the fund reserve ratio, based on the fund  
11 balance as of the prior March 31, is less than 0.50%, the  
12 contribution rate for each employer liable to pay contributions, as  
13 computed under subparagraph (E) of this paragraph (5), shall be  
14 increased by a factor of 10% computed to the nearest multiple of  
15 1/10% if not already a multiple 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  
19 subparagraph (E) of this paragraph (5), shall be decreased by 0.1%,  
20 except that, during any experience rating year starting before  
21 January 1, 1998 in which the fund reserve ratio is equal to or greater  
22 than 7.00% or during any experience rating year starting on or after  
23 January 1, 1998, in which the fund reserve ratio is equal to or  
24 greater than 3.5%, there shall be no decrease pursuant to this  
25 subparagraph (G) in the contribution of any employer who has a  
26 deficit reserve ratio of 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  
34 not be reduced pursuant to this subparagraph (H) to less than 5.4%.  
35 The amount of the reduction in the employer contributions  
36 stipulated by this subparagraph (H) shall be in addition to the  
37 amount of the reduction in the employer contributions stipulated by  
38 subparagraph (G) of this paragraph (5), except that the rate of  
39 contribution of an employer who has a deficit reserve ratio of  
40 negative 35.0% or under shall not be reduced pursuant to this  
41 subparagraph (H) to less than 5.4% and the rate of contribution of  
42 any other employer shall not be reduced to less than 0.0%. On or  
43 after January 1, 1994 until December 31, 1995, except as provided  
44 pursuant to subparagraph (I) of this paragraph (5), notwithstanding  
45 any other provisions of this paragraph (5), the contribution rate for  
46 each employer liable to pay contributions, as computed under  
47 subparagraph (E) of this paragraph (5), shall be decreased by a

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

13 On or after April 1, 1996 until December 31, 1996, 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 25.0% 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  
19 not be reduced pursuant to this subparagraph (H) to less than 5.4%.  
20 The amount of the reduction in the employer contributions  
21 stipulated by this subparagraph (H) shall be in addition to the  
22 amount of the reduction in the employer contributions stipulated by  
23 subparagraph (G) of this paragraph (5), except that the rate of  
24 contribution of an employer who has a deficit reserve ratio of  
25 negative 35.0% or under shall not be reduced pursuant to this  
26 subparagraph (H) to less than 5.4% and the rate of contribution of  
27 any other employer shall not be reduced to less than 0.0%.

28 On or after January 1, 1997 until December 31, 1997, 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 10.0% 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  
34 not be reduced pursuant to this subparagraph (H) to less than 5.4%.  
35 The amount of the reduction in the employer contributions  
36 stipulated by this subparagraph (H) shall be in addition to the  
37 amount of the reduction in the employer contributions stipulated by  
38 subparagraph (G) of this paragraph (5), except that the rate of  
39 contribution of an employer who has a deficit reserve ratio of  
40 negative 35.0% or under shall not be reduced pursuant to this  
41 subparagraph (H) to less than 5.4% and the rate of contribution of  
42 any other employer shall not be reduced to less than 0.0%.  
43 (Deleted by amendment, P.L. \_\_\_\_\_, c. \_\_\_\_\_)

44 On and after January 1, 1998 until December 31, 2000 and on or  
45 after January 1, 2002 until June 30, 2006, the contribution rate for  
46 each employer liable to pay contributions, as computed under  
47 subparagraph (E) of this paragraph (5), shall be decreased by a

1 factor, as set out below, computed to the nearest multiple of 1/10%,  
2 except that, if an employer has a deficit reserve ratio of negative  
3 35.0% or under, the employer's rate of contribution shall not be  
4 reduced pursuant to this subparagraph (H) to less than 5.4%:

5 From January 1, 1998 until December 31, 1998, a factor of 12%;  
6 From January 1, 1999 until December 31, 1999, a factor of 10%;  
7 From January 1, 2000 until December 31, 2000, a factor of 7%;  
8 From January 1, 2002 until March 31, 2002, a factor of 36%;  
9 From April 1, 2002 until June 30, 2002, a factor of 85%;  
10 From July 1, 2002 until June 30, 2003, a factor of 15%;  
11 From July 1, 2003 until June 30, 2004, a factor of 15%;  
12 From July 1, 2004 until June 30, 2005, a factor of 7%;  
13 From July 1, 2005 until December 31, 2005, a factor of 16%; and  
14 From January 1, 2006 until June 30, 2006, a factor of 34%.

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

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

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

1 shall, prior to March 31, 2000, transfer from the General Fund to  
2 the unemployment compensation fund, revenues in the amount  
3 specified by the commissioner and which, upon deposit in the  
4 unemployment compensation fund, shall result, upon recalculation,  
5 in a fund reserve ratio used to determine employer contributions  
6 beginning July 1, 2000 of at least 3.00%. ~~] (Deleted by amendment,~~  
7 P.L. \_\_\_\_\_, c. \_\_\_\_\_)

8 (J) On or after July 1, 2001, notwithstanding any other  
9 provisions of this paragraph (5), the contribution rate for each  
10 employer liable to pay contributions, as computed under  
11 subparagraph (E) of this paragraph (5), shall be decreased by  
12 0.0175%, except that, during any experience rating year starting on  
13 or after July 1, 2001, in which the fund reserve ratio is equal to or  
14 greater than 3.5%, there shall be no decrease pursuant to this  
15 subparagraph (J) in the contribution of any employer who has a  
16 deficit reserve ratio of negative 35.00% or under. The amount of the  
17 reduction in the employer contributions stipulated by this  
18 subparagraph (J) shall be in addition to the amount of the reduction  
19 in the employer contributions stipulated by subparagraphs (G) and  
20 (H) of this paragraph (5), except that the rate of contribution of an  
21 employer who has a deficit reserve ratio of negative 35.0% or under  
22 shall not be reduced pursuant to this subparagraph (J) to less than  
23 5.4% and the rate of contribution of any other employer shall not be  
24 reduced to less than 0.0%.

25 (K) With respect to experience rating years beginning on or after  
26 July 1, 2007, if the fund reserve ratio, based on the fund balance as  
27 of the prior March 31, is:

28 (1) Equal to or greater than 5.00% but less than 7.5%, the  
29 contribution rate for each employer liable to pay contributions, as  
30 computed under subparagraph (E) of this paragraph (5), shall be  
31 reduced by a factor of 25% computed to the nearest multiple of  
32 1/10% if not already a multiple thereof except that there shall be no  
33 decrease pursuant to this subparagraph (K) in the contribution of  
34 any employer who has a deficit reserve ratio of 35.00% or under.

35 (2) Equal to or greater than 7.5% but less than 10.0%, the  
36 contribution rate for each employer liable to pay contributions, as  
37 computed under subparagraph (E) of this paragraph (5), shall be  
38 reduced by a factor of 50% computed to the nearest multiple of  
39 1/10% if not already a multiple thereof except that there shall be no  
40 decrease pursuant to this subparagraph (K) in the contribution of  
41 any employer who has a deficit reserve ratio of 35.00% or under.

42 (6) Additional contributions.

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

1 recomputation of the experience rate applicable to such employer,  
2 including in the calculation the additional contribution so made,  
3 except that, following a transfer as described under R.S.43:21-  
4 7(c)(7)(D), neither the predecessor nor successor in interest shall be  
5 eligible to make a voluntary payment of additional contributions  
6 during the year the transfer occurs and the next full calendar year.  
7 Any such additional contribution shall be made during the 30-day  
8 period following the date of the mailing to the employer of the  
9 notice of his contribution rate as prescribed in this section, unless,  
10 for good cause, the time for payment has been extended by the  
11 controller for not to exceed an additional 60 days; provided that in  
12 no event may such payments which are made later than 120 days  
13 after the beginning of the year for which such rates are effective be  
14 considered in determining the experience rate for the year in which  
15 the payment is made. Any employer receiving any extended period  
16 of time within which to make such additional payment and failing  
17 to make such payment timely shall be, in addition to the required  
18 amount of additional payment, liable for a penalty of 5% thereof or  
19 \$5.00, whichever is greater, not to exceed \$50.00. Any adjustment  
20 under this subsection shall be made only in the form of credits  
21 against accrued or future contributions.

22 (7) Transfers.

23 (A) Upon the transfer of the organization, trade or business, or  
24 substantially all the assets of an employer to a successor in interest,  
25 whether by merger, consolidation, sale, transfer, descent or  
26 otherwise, the controller shall transfer the employment experience  
27 of the predecessor employer to the successor in interest, including  
28 credit for past years, contributions paid, annual payrolls, benefit  
29 charges, et cetera, applicable to such predecessor employer,  
30 pursuant to regulation, if it is determined that the employment  
31 experience of the predecessor employer with respect to the  
32 organization, trade, assets or business which has been transferred  
33 may be considered indicative of the future employment experience  
34 of the successor in interest. The successor in interest may, within  
35 four months of the date of such transfer of the organization, trade,  
36 assets or business, or thereafter upon good cause shown, request a  
37 reconsideration of the transfer of employment experience of the  
38 predecessor employer. The request for reconsideration shall  
39 demonstrate, to the satisfaction of the controller, that the  
40 employment experience of the predecessor is not indicative of the  
41 future employment experience of the successor.

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

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

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

23 (D) If an employer who transfers in whole or in part his or its  
24 organization, trade, assets or business to a successor in interest,  
25 whether by merger, consolidation, sale, transfer, descent or  
26 otherwise and both the employer and successor in interest are at the  
27 time of the transfer under common ownership, management or  
28 control, then the employment experience attributable to the  
29 transferred business shall also be transferred to and combined with  
30 the employment experience of the successor in interest. The  
31 transfer of the employment experience is mandatory and not subject  
32 to appeal or protest.

33 (E) The transfer of part of an employer's employment experience  
34 to a successor in interest shall become effective as of the first day of  
35 the calendar quarter following the acquisition by the successor in  
36 interest. As of the effective date, the successor in interest shall  
37 have its employer rate recalculated by merging its existing  
38 employment experience, if any, with the employment experience  
39 acquired. If the successor in interest is not an employer as of the  
40 date of acquisition, it shall be assigned the new employer rate until  
41 the effective date of the transfer of employment experience.

42 (F) Upon the transfer in whole or in part of the organization,  
43 trade, assets or business to a successor in interest, the employment  
44 experience shall not be transferred if the successor in interest is not  
45 an employer at the time of the acquisition and the controller finds  
46 that the successor in interest acquired the business solely or  
47 primarily for the purpose of obtaining a lower rate of contributions.

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

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

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

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



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

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

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

35 Each worker shall, starting on January 1, 1996 and ending March  
36 31, 1996, contribute to the unemployment compensation fund  
37 0.60% of wages paid with respect to the worker's employment with  
38 a governmental employer electing or required to pay contributions  
39 or nongovernmental employer, including a nonprofit organization  
40 which is an employer as defined under paragraph (6) of subsection  
41 (h) of R.S.43:21-19, regardless of whether that nonprofit  
42 organization elects or is required to finance its benefit costs with  
43 contributions to the fund or by payments in lieu of contributions,  
44 after that employer has satisfied the conditions set forth in  
45 subsection (h) of R.S.43:21-19 with respect to becoming an  
46 employer, provided that the contributions shall be at the rate of  
47 0.10% of wages paid with respect to employment with the State of

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (2) If the minimum requirements in (1) above have been  
11 fulfilled and the credited contributions exceed the benefits charged  
12 by more 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  
14 less than  $1\frac{1}{4}$ % of his average annual payroll as defined in this  
15 chapter (R.S.43:21-1 et seq.);

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

20 (3) If the minimum requirements in (1) above have been  
21 fulfilled and the contributions credited exceed the benefits charged  
22 but by not more than \$500.00 plus 1% of his average annual  
23 payroll, or if the benefits charged exceed the contributions credited  
24 but by not more than \$500.00, the preliminary rate shall be  $\frac{1}{4}$  of  
25 1%.

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

29 (i)  $\frac{35}{100}$  of 1% if such excess over \$500.00 is less than  $\frac{1}{4}$  of  
30 1% of his average annual payroll;

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

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

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

37 (v)  $\frac{75}{100}$  of 1% if such excess over \$500.00 equals or exceeds  
38 1% of his average annual payroll.

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

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

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

12 (2) The controller shall then make a final determination of the  
13 rates of contribution for the 12 months commencing July 1 of such  
14 year for employers whose preliminary rates are determined as  
15 provided in (D) 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  
18 employer rates shall be the preliminary rates determined as  
19 provided in (D) hereof, except that if the employer's preliminary  
20 rate is determined as provided in (D)(2) or (D)(3) hereof, the final  
21 employer rate shall be the preliminary employer rate decreased by  
22 such percentage of excess taken to the nearest  $\frac{5}{100}$  of 1%, but in  
23 no case shall such final rate 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  
26 than  $1\frac{1}{4}$  of 1%, the final employer rates shall be the preliminary  
27 employer 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  $\frac{1}{4}$   
30 of 1%, the final employer rates shall be the preliminary employer  
31 rates determined as provided in (D) hereof increased by the  
32 difference between  $\frac{3}{4}$  of 1% and such percentage taken to the  
33 nearest  $\frac{5}{100}$  of 1%; provided, however, that no such final rate  
34 shall be more than  $\frac{1}{4}$  of 1% in the case of an employer whose  
35 preliminary rate is determined as provided in (D)(2) hereof, more  
36 than  $\frac{1}{2}$  of 1% in the case of an employer whose preliminary rate is  
37 determined as provided in (D)(1) and (D)(3) hereof, nor more than  
38  $\frac{3}{4}$  of 1% in the case of an employer whose preliminary rate is  
39 determined as provided in (D)(4) hereof.

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



1 other provision of law or any determination made by the controller  
2 with respect to any 12-month period commencing on July 1, 1970,  
3 the final rates for all employers for the period beginning January 1,  
4 1971, shall be as set forth herein.

5 (cf: P.L.2005, c.249, s.1)

6

7 2. This act shall take effect immediately.

8

9

10 STATEMENT

11

12 This bill provides new, reduced unemployment insurance (UI)  
13 tax schedules when the reserve ratio of the State's UI trust fund  
14 exceeds 5.0%, which would represent a UI fund balance of \$3.6  
15 billion in 2007. For any experience rating year beginning on or  
16 after July 1, 2007, the bill would reduce UI taxes by 25% from the  
17 rates provided under the "A" UI tax schedule if the ratio exceeds  
18 5.0% and reduce the taxes by 50% if the ratio exceeds 7.5%. The  
19 "reserve ratio" means the UI trust fund balance as of March 31 as a  
20 percentage of all wages subject to UI taxes during the prior calendar  
21 year.

22 Aside from the direct employer benefit of reduced UI taxes, this  
23 would help to prevent an excessive build up in the UI fund balance  
24 during periods of growth and high employment, thus reducing the  
25 likelihood of the redirection of UI tax revenues to other purposes.  
26 The most recent redirection of UI tax revenues, totaling \$1.5 billion  
27 to the Health Care Subsidy Fund from 2002 to 2005, occurred after  
28 UI reserve ratios exceeding 5.0% every year of the 1990's resulted,  
29 in 2001, in a record high UI fund balance of \$3.5 billion and a  
30 reserve ratio of 6.0%.

# ASSEMBLY BUDGET COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 1503

# STATE OF NEW JERSEY

DATED: JUNE 15, 2009

The Assembly Budget Committee reports favorably Assembly Bill No. 1503.

The bill provides new, reduced unemployment insurance (UI) tax schedules when the reserve ratio of the State's UI trust fund exceeds 5.0%, which would represent a UI trust fund balance of \$3.7 billion in 2008. For any experience rating year beginning on or after July 1, 2009, the bill would reduce UI taxes by 25% from the rates provided under the "A" UI tax schedule if the ratio exceeds 5.0% and reduce the taxes by 50% if the ratio exceeds 7.5%. The "reserve ratio" means the UI trust fund balance as of March 31 as a percentage of all wages subject to UI taxes during the prior calendar year.

This bill is identical to Senate Bill No. 562, as also reported by the committee.

This bill was pre-filed for introduction in the 2008-2009 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

#### FISCAL IMPACT:

According to information provided by the Department of Labor and Workforce Development (DOLWD), the estimated UI trust fund balance on March 31, 2008 was \$977.3 million, yielding a fund "reserve ratio" on that date of 1.35%. (The "reserve ratio" is the UI trust fund balance as of March 31 of a given year as a percentage of all wages subject to UI taxes during the prior calendar year.) In order to meet the 5% reserve ratio threshold required to trigger the tax reduction proposed by this bill, the balance of the UI fund would need to grow by \$2.5 billion to reach approximately \$3.7 billion. Current projections by the DOLWD for the UI fund balance indicate that for 2009, 2010, and 2011, the UI trust fund will not have a reserve ratio above 1.5%. Based on these projections, the Office of Legislative Services notes that it is extremely unlikely that the reduction in rates provided under this bill would be triggered through at least 2011.