

26:2H-18.52

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LAWS OF: 1997 CHAPTER: 263

BILL NO: S2358

SPONSOR(S): Littell

DATE INTRODUCED: December 15, 1997

COMMITTEE: ASSEMBLY: _____
SENATE: Budget & Appropriation

AMENDED DURING PASSAGE: No

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SENATE: December 18, 1997

DATE OF APPROVAL: December 19, 1997

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

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COMMITTEE STATEMENT: ASSEMBLY: No
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§6 - C.26:2H-18.58e
§8 - C.26:2H-18.58f
§9 - Approp. and
note to (S.2269)
(Children's Health
Care Coverage
Act)
§10 - C.26:2H-
18.58d
§11 - C.26:2H-
18.59h
§16 - Note to §§1-15

P.L. 1997, CHAPTER 263, *approved December 19, 1997*
Senate No. 2358

1 AN ACT concerning the provision of health care services to low
2 income persons and revising parts of statutory law.

3

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

6

7 1. Section 2 of P.L.1992, c.160 (C.26:2H-18.52) is amended to
8 read as follows:

9 2. As used in sections 1 through 17 of P.L.1992, c.160
10 (C.26:2H-18.51 through 26:2H-18.67), sections 12 through 15 of
11 P.L.1995, c.133 (C.26:2H-18.59a through C.26:2H-18.59d) **[and]**,
12 sections 7 through 12 of P.L.1996, c.28 (C.26:2H-18.59e et al.) and
13 sections 6, 8, 10 and 11 of P.L. , c. (C.)(pending before the
14 Legislature as this bill):

15 "Administrator" means the administrator of the Health Care Subsidy
16 Fund appointed by the commissioner.

17 "Charity care" means care provided at disproportionate share
18 hospitals that may be eligible for a charity care subsidy pursuant to this
19 act.

20 "Charity care subsidy" means the component of the
21 disproportionate share payment that is attributable to care provided at
22 a disproportionate share hospital to persons unable to pay for that
23 care, as provided in this act.

24 "Commission" means the New Jersey Essential Health Services
25 Commission established pursuant to section 4 of this act.

26 "Commissioner" means the Commissioner of Health and Senior
27 Services.

28 "Department" means the Department of Health and Senior Services.

29 "Disproportionate share hospital" means a hospital designated by
30 the Commissioner of Human Services pursuant to Pub.L.89-97 (42
31 U.S.C.1396a et seq.) and Pub.L.102-234.

32 "Disproportionate share payment" means those payments made by
33 the Division of Medical Assistance and Health Services in the

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

Matter underlined thus is new matter.

1 Department of Human Services to hospitals defined as
2 disproportionate share hospitals by the Commissioner of Human
3 Services in accordance with federal laws and regulations applicable to
4 hospitals serving a disproportionate number of low income patients.

5 "Fund" means the Health Care Subsidy Fund established pursuant
6 to section 8 of this act.

7 "Hospital" means an acute care hospital licensed by the Department
8 of Health and Senior Services pursuant to P.L.1971, c.136 (C.26:2H-1
9 et al.).

10 "Medicaid" means the New Jersey Medical Assistance and Health
11 Services Program in the Department of Human Services established
12 pursuant to P.L.1968, c.413 (C.30:4D-1 et seq.).

13 "Medicare" means the program established pursuant to Pub.L.89-97
14 (42 U.S.C. s.1395 et seq.).

15 "Other uncompensated care" means all costs not reimbursed by
16 hospital payers excluding charity care, graduate medical education,
17 discounts, bad debt and reduction in Medicaid payments.

18 "Poverty level" means the official poverty level based on family size
19 established and adjusted under Section 673(2) of Subtitle B, the
20 "Community Services Block Grant Act," Pub.L. 97-35 (42 U.S.C.
21 9902(2)).

22 "Preliminary cost base" means the preliminary cost base defined in
23 section 2 of P.L.1971, c.136 (C.26:2H-2), as determined by the
24 Hospital Rate Setting Commission.
25 (cf: P.L.1996, c.28, s.1)

26

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

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

31 a. The fund shall be comprised of revenues from employee and
32 employer contributions made pursuant to section 29 of P.L.1992,
33 c.160 (C.43:21-7b), revenues from the hospital assessment made
34 pursuant to section 12 of P.L.1992, c.160 (C.26:2H-18.62), revenues
35 pursuant to section 11 of P.L.1996, c.28 (C.26:2H-18.58c), revenues
36 from interest and penalties collected pursuant to this act and revenues
37 from such other sources as the Legislature shall determine. Interest
38 earned on the monies in the fund shall be credited to the fund. The
39 fund shall be a nonlapsing fund dedicated for use by the State to: (1)
40 distribute charity care and other uncompensated care disproportionate
41 share payments to hospitals and other eligible providers, [and] provide
42 subsidies for the Health Access New Jersey program established
43 pursuant to section 15 of P.L.1992, c.160 (C.26:2H-18.65), and
44 provide funding for children's health care coverage pursuant to P.L.
45 c. (C.) (pending before the Legislature as Senate Bill No. 2269
46 or Assembly Bill No. 3257 of 1997); and (2) assist hospitals and other

1 health care facilities in the underwriting of innovative and necessary
2 health care services.

3 b. The fund shall be administered by a person appointed by the
4 commissioner.

5 The administrator of the fund is responsible for overseeing and
6 coordinating the collection and reimbursement of fund monies. The
7 administrator is responsible for promptly informing the commissioner
8 if monies are not or are not reasonably expected to be collected or
9 disbursed.

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

13 d. The administrator shall establish separate accounts for the
14 charity care component of the disproportionate share hospital subsidy,
15 other uncompensated care component of the disproportionate share
16 hospital subsidy, hospital and other health care initiatives funding and
17 the payments for subsidies for insurance premiums to provide care in
18 disproportionate share hospitals, known as the Health Access New
19 Jersey subsidy account, respectively.

20 e. In the event that the charity care component of the
21 disproportionate share hospital subsidy account has a surplus in a
22 given year after payments are distributed pursuant to the methodology
23 established in section 13 of P.L.1995, c.133 (C.26:2H-18.59b) and
24 section 7 of P.L.1996, c.28 (C.26:2H-18.59e) and within the
25 limitations provided in subsection e. of section 9 of P.L.1992, c.160
26 (C.26:2H-18.59), the surplus monies in calendar years 1996 and 1997
27 shall lapse to the unemployment compensation fund established
28 pursuant to R.S.43:21-9, and each year thereafter shall lapse to the
29 charity care component of the disproportionate share hospital subsidy
30 account for distribution in subsequent years.

31 (cf: P.L.1996, c.28, s.3)

32

33 3. Section 11 of P.L.1996, c.28 (C.26:2H-18.58c) is amended to
34 read as follows:

35 11. a. The Health Care Subsidy Fund shall be funded with \$15
36 million in General Fund revenues in calendar year 1996 and \$41
37 million in General Fund revenues in calendar year 1997 and \$42.9
38 million in General Fund revenues for the period January 1, 1998
39 through June 30, 1998.

40 b. [In calendar year 1998, the]The Health Care Subsidy Fund shall
41 be supported with revenues derived from efficiencies achieved by State
42 use of an electronic data interchange system for health care claims and
43 related information, in amounts necessary to provide funding for the
44 health care program pursuant to section 8 of P.L.1996, c.28
45 (C.26:2H-18.59f).

46 (cf: P.L.1996,c.28, s.11)

1 4. Section 9 of P.L.1992, c.160 (C.26:2H-18.59) is amended to
2 read as follows:

3 9. a. The commissioner shall allocate such funds as specified in
4 subsection e. of this section to the charity care component of the
5 disproportionate share hospital subsidy account. In a given year, the
6 department shall transfer from the fund to the Division of Medical
7 Assistance and Health Services in the Department of Human Services
8 such funds as may be necessary for the total approved charity care
9 disproportionate share payments to hospitals for that year.

10 b. For the period January 1, 1993 to December 31, 1993, the
11 commission shall allocate \$500 million to the charity care component
12 of the disproportionate share hospital subsidy account. The
13 Department of Health and Senior Services shall recommend the
14 amount that the Division of Medical Assistance and Health Services
15 shall pay to an eligible hospital on a provisional, monthly basis
16 pursuant to paragraphs (1) and (2) of this subsection. The department
17 shall also advise the commission and each eligible hospital of the
18 amount a hospital is entitled to receive.

19 (1) The department shall determine if a hospital is eligible to
20 receive a charity care subsidy in 1993 based on the following:

21 Hospital Specific Approved Uncompensated Care-1991

22

23 Hospital Specific Preliminary Cost Base-1992

24

25 = Hospital Specific % Uncompensated Care (%UC)

26

27 A hospital is eligible for a charity care subsidy in 1993 if, upon
28 establishing a rank order of the %UC for all hospitals, the hospital is
29 among the 80% of hospitals with the highest %UC.

30 (2) The maximum amount of the charity care subsidy an eligible
31 hospital may receive in 1993 shall be based on the following:

32

33 Hospital Specific Approved Uncompensated Care-1991

34

35 Total approved Uncompensated Care All Eligible Hospitals-1991

36

37 X \$500 million

38

39 = Maximum Amount of Hospital Specific Charity Care
40 Subsidy for 1993

41

42 (3) A hospital shall be required to submit all claims for charity care
43 cost reimbursement, as well as demographic information about the
44 persons who qualify for charity care, to the department in a manner
45 and time frame specified by the Commissioner of Health and Senior
46 Services, in order to continue to be eligible for a charity care subsidy

1 in 1993 and in subsequent years.

2 The demographic information shall include the recipient's age, sex,
3 marital status, employment status, type of health insurance coverage,
4 if any, and if the recipient is a child under 18 years of age who does
5 not have health insurance coverage or a married person who does not
6 have health insurance coverage, whether the child's parent or the
7 married person's spouse, as the case may be, has health insurance.

8 (4) A hospital shall be reimbursed for the cost of eligible charity
9 care at the same rate paid to that hospital by the Medicaid program;
10 except that charity care services provided to emergency room patients
11 who do not require those services on an emergency basis shall be
12 reimbursed at a rate appropriate for primary care, according to a
13 schedule of payments developed by the commission.

14 (5) The department shall provide for an audit of a hospital's charity
15 care for 1993 within a time frame established by the department.

16 c. For the period January 1, 1994 to December 31, 1994, a hospital
17 shall receive disproportionate share payments from the Division of
18 Medical Assistance and Health Services based on the amount of
19 charity care submitted to the commission or its designated agent, in a
20 form and manner specified by the commission. The commission or its
21 designated agent shall review and price all charity care claims and
22 notify the Division of Medical Assistance and Health Services of the
23 amount it shall pay to each hospital on a monthly basis based on actual
24 services rendered.

25 (1) (Deleted by amendment, P.L.1995, c.133.)

26 (2) If the commission is not able to fully implement the charity care
27 claims pricing system by January 1, 1994, the commission shall
28 continue to make provisional disproportionate share payments to
29 eligible hospitals, through the Division of Medical Assistance and
30 Health Services, based on the charity care costs incurred by all
31 hospitals in 1993, until such time as the commission is able to
32 implement the claims pricing system.

33 If there are additional charity care balances available after the 1994
34 distribution based on 1993 charity care costs, the department shall
35 transfer these available balances from the fund to the Division of
36 Medical Assistance and Health Services for an approved one-time
37 additional disproportionate share payment to hospitals according to
38 the methodology provided in section 12 of P.L.1995, c.133
39 (C.26:2H-18.59a). The total payment for all hospitals shall not exceed
40 \$75.5 million.

41 (3) A hospital shall be reimbursed for the cost of eligible charity
42 care at the same rate paid to that hospital by the Medicaid program;
43 except that charity care services provided to emergency room patients
44 who do not require those services on an emergency basis shall be
45 reimbursed at a rate appropriate for primary care, according to a
46 schedule of payments developed by the commission.

1 (4) (Deleted by amendment, P.L.1995, c.133.)

2 d. (Deleted by amendment, P.L.1995, c.133.)

3 e. The total amount allocated for charity care subsidy payments
4 shall be: in 1994, \$450 million; in 1995, \$400 million; in 1996, \$310
5 million; [and] in 1997 \$300 million; for the period January 1, 1998
6 through June 30, 1998, \$160 million; and in fiscal year 1999 and each
7 fiscal year thereafter, \$320 million. Total payments to hospitals shall
8 not exceed the amount allocated for each given year.

9 f. Beginning January 1, 1995:

10 (1) The charity care subsidy shall be determined pursuant to
11 section 13 of P.L.1995, c.133 (C.26:2H-18.59b).

12 (2) A charity care claim shall be valued at the same rate paid to
13 that hospital by the Medicaid program, except that charity care
14 services provided to emergency room patients who do not require
15 those services on an emergency basis shall be valued at a rate
16 appropriate for primary care according to a schedule of payments
17 adopted by the commissioner.

18 (3) The department shall provide for an audit of a hospital's charity
19 care within a time frame established by the commissioner.

20 (cf: P.L.1996, c.28, s.4)

21
22 5. Section 7 of P.L.1996, c.28 (C.26:2H-18.59e) is amended to
23 read as follows:

24 7. a. Beginning January 1, 1996 **[through December 31, 1997]**,
25 and except as provided in section 8 of P.L.1996, c.28
26 (C.26:2H-18.59f), the charity care subsidy shall be determined
27 according to the following methodology.

28 If the Statewide total of adjusted charity care is less than available
29 charity care funding, a hospital's charity care subsidy shall equal its
30 adjusted charity care.

31 If the Statewide total of adjusted charity care is greater than
32 available charity care funding, then the hospital-specific charity care
33 subsidy shall be determined by allocating available charity care funds
34 so as to equalize hospital-specific payer mix factors to the Statewide
35 target payer mix factor. Those hospitals with a payer mix factor
36 greater than the Statewide target payer mix factor shall be eligible to
37 receive a subsidy sufficient to reduce their factor to that Statewide
38 level; those hospitals with a payer mix factor that is equal to or less
39 than the Statewide target payer mix factor shall not be eligible to
40 receive a subsidy.

41 Charity care subsidy payments shall be based upon actual
42 documented hospital charity care.

43 As used in this section:

44 (1) The hospital-specific "documented charity care" shall be equal
45 to the dollar amount of charity care provided by the hospital that is
46 verified in the department's most recent charity care audit conducted

1 under the most recent charity care eligibility rules adopted by the
2 department and valued at the same rate paid to that hospital by the
3 Medicaid program.

4 For 1996, documented charity care shall equal the audited,
5 Medicaid-priced amounts reported for the first three quarters of 1995.
6 This amount shall be multiplied by 1.33 to determine the annualized
7 1995 charity care amount. For 1997 and the period from January 1,
8 1998 through June 30, 1998, documented charity care shall be equal
9 to the audited Medicaid-priced amounts for the last quarter two years
10 prior to the payment period and the first three quarters of the year
11 prior to the payment period. For fiscal year 1999 and each fiscal year
12 thereafter, documented charity care shall be equal to the audited
13 Medicaid-priced amounts for the most recent calendar year;

14 (2) In 1996, the hospital-specific "operating margin" shall be equal
15 to: the hospital's 1993 and 1994 income from operations minus its
16 1993 and 1994 charity care subsidies divided by its 1993 and 1994
17 total operating revenue minus its 1993 and 1994 charity care subsidies.
18 After calculating each hospital's operating margin, the department shall
19 determine the Statewide median operating margin.

20 In 1997 and each year thereafter, the hospital-specific "operating
21 margin" shall be calculated in the same manner as for 1996, but on the
22 basis of income from operations, total operating revenue and charity
23 care subsidies data from the three most current years;

24 (3) The hospital-specific "profitability factor" shall be determined
25 annually as follows. Those hospitals that are equal to or below the
26 Statewide median operating margin shall be assigned a profitability
27 factor of "1." For those hospitals that are above the Statewide median
28 operating margin, the profitability factor shall be equal to:

$$29 \quad .75 \times (\text{hospital specific operating} \\ 30 \quad \text{margin} - \text{Statewide median operating margin}) \\ 31 \quad 1 - \frac{\quad}{\quad} \\ 32 \quad \quad \quad \text{highest hospital specific operating} \\ 33 \quad \quad \quad \text{margin} - \text{Statewide median operating margin} \\ 34$$

35 (4) The hospital-specific "adjusted charity care" shall be equal to
36 a hospital's documented charity care times its profitability factor;

37 (5) The hospital-specific "revenue from private payers" shall be
38 equal to the sum of the gross revenues, as reported to the department
39 in the hospital's most recently available New Jersey Hospital Cost
40 Reports for all non-governmental third party payers including, but not
41 limited to, Blue Cross and Blue Shield plans, commercial insurers and
42 health maintenance organizations;

43 (6) The hospital-specific "payer mix factor" shall be equal to a
44 hospital's adjusted charity care divided by its revenue from private
45 payers; and

46 (7) The "Statewide target payer mix factor" is the lowest payer mix

1 factor to which all hospitals receiving charity care subsidies can be
2 reduced by spending all available charity care subsidy funding for that
3 year.

4 b. For the purposes of this section, "income from operations" and
5 "total operating revenue" shall be defined by the department in
6 accordance with financial reporting requirements established pursuant
7 to N.J.A.C.8:31B-3.3.

8 c. Charity care subsidy payments shall commence on or after the
9 date of enactment of P.L.1996, c.28 and the full calendar year 1996
10 allocation shall be disbursed by January 31, 1997.
11 (cf: P.L.1996 ,c.28, s.7)

12

13 6. (New section) a. The Commissioner of Health and Senior
14 Services shall transfer to the Hospital Health Care Subsidy account,
15 known as the Hospital Relief Fund, in the Division of Medical
16 Assistance and Health Services in the Department of Human Services
17 from the Health Care Subsidy Fund, \$50.75 million in fiscal year 1998
18 and \$101.5 million each fiscal year thereafter, according to a schedule
19 to be determined by the Commissioner of Health and Senior Services
20 in consultation with the Commissioner of Human Services. These
21 funds shall be distributed to eligible disproportionate share hospitals
22 according to a methodology adopted by the Commissioner of Human
23 Services pursuant to N.J.A.C.10:52-8.2, using hospital expenditure
24 data for the most recent calendar year available for reimbursements
25 from these funds.

26 b. In fiscal year 1998 and each fiscal year thereafter, the Governor
27 shall recommend and the Legislature shall appropriate to the Hospital
28 Health Care Subsidy account for distribution to disproportionate share
29 hospitals which are eligible for reimbursement pursuant to subsection
30 a. of this section, those federal funds received in connection with the
31 provision of hospital reimbursements from that account.

32

33 7. Section 16 of P.L.1992, c.160 (C.26:2H-18.66) is amended to
34 read as follows:

35 16. The Health Access New Jersey subsidy account shall be
36 allocated \$50 million in 1995, \$10 million in 1996, [and] \$25 million
37 in 1997, \$10 million for the period from January 1, 1998 through June
38 30, 1998 and \$20 million in fiscal year 1999 and each fiscal year
39 thereafter.

40 (cf: P.L.1996, c.29, s.2)

41

42 8. (New section) a. The Commissioner of Health and Senior
43 Services shall transfer to the Division of Medical Assistance and
44 Health Services in the Department of Human Services from the Health
45 Care Subsidy Fund, \$23.8 million in fiscal year 1998, \$47.6 million in
46 fiscal year 1999, and an amount in each succeeding fiscal year that is

1 necessary to obtain the maximum amount of federal funds to which the
2 State is entitled in order to provide children's health care coverage
3 pursuant to P.L. , c. (C.)(pending before the Legislature as
4 Senate Bill No. 2269 or Assembly Bill No. 3257 of 1997), according
5 to a schedule to be determined by the Commissioner of Health and
6 Senior Services in consultation with the Commissioner of Human
7 Services. These funds shall be expended to provide children's health
8 care coverage pursuant to P.L. , c. (C.)(now pending before
9 the Legislature as Senate Bill No. 2269 or Assembly Bill No. 3257 of
10 1997).

11 b. In fiscal year 1999 and each fiscal year thereafter, the Governor
12 shall recommend and the Legislature shall appropriate to the Division
13 of Medical Assistance and Health Services for the purposes of
14 subsection a. of this section, those federal funds received in connection
15 with the provision of children's health care coverage pursuant to
16 P.L. , c. (C.)(now pending before the Legislature as Senate
17 Bill No. 2269 or Assembly Bill No. 3257 of 1997).

18

19 9. a. There is appropriated \$42.9 million from the General Fund to
20 the Department of Health and Senior Services for deposit in the Health
21 Care Subsidy Fund to carry out the purposes of P.L. , c. (C.)
22 (pending before the Legislature as this bill).

23 b. There is appropriated to the Department of Human Services
24 \$15.25 million in federal Title XIX funds for the Hospital Health Care
25 Subsidy account to carry out the purposes of section 6 of P.L. , c.
26 (C.)(pending before the Legislature as this bill) for the period
27 January 1, 1998 to June 30, 1998.

28 c. There is appropriated to the Department of Human Services
29 \$44.2 million in federal Title XXI funds for the children's health care
30 coverage program established pursuant to P.L. , c. (C.)(pending
31 before the Legislature as Senate Bill No. 2269 or Assembly Bill No.
32 3257 of 1997) for the period January 1, 1998 to June 30, 1998.

33 d. Any premiums received from families enrolled in the children's
34 health care coverage program established pursuant to P.L. , c.
35 (C.) (pending before the Legislature as Senate Bill No. 2269 or
36 Assembly Bill No. 3257 of 1997), are appropriated to the program.

37 e. An amount not to exceed 10% of the total appropriated for the
38 children's health care coverage program established pursuant to
39 P.L. , c. (C.)(pending before the Legislature as Senate Bill
40 No. 2269 or Assembly Bill No. 3257 of 1997), may be used for
41 administration of the program.

42

43 10. (New section) In fiscal year 1999 and each year thereafter, the
44 Governor shall recommend and the Legislature shall appropriate to the
45 Health Care Subsidy Fund to carry out the purposes of P.L.1992,
46 c.160 (C.26:2H-18.51 et al.), such funds from the General Fund

1 which, when combined with other resources deposited in the Health
2 Care Subsidy Fund, shall be sufficient to carry out the purposes of
3 that act.

4
5 11. (New section) In the event that a hospital or other health care
6 institution that receives a charity care subsidy pursuant to P.L.1992,
7 c.160 (C.26:2H-18.51 et al.) or funds from the Hospital Health Care
8 Subsidy account in the Department of Human Services, sells, leases,
9 assigns, subcontracts or otherwise transfers ownership, control or
10 management of any of its services to another entity, the hospital or
11 other health care institution shall provide that the new entity guarantee
12 to offer to its employees who were affected by the transfer, health
13 insurance coverage at substantially equivalent levels, terms and
14 conditions to those that were offered to the employees prior to the
15 transfer.

16

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

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

29 (a) Payment.

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

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

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

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

46 (2) The "wages" of any individual, with respect to any one

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

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

37 (c) Future rates based on benefit experience.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 (E)(i) With respect to experience rating years beginning on or
 29 after July 1, 1986 and before July 1, 1997, the new employer rate or
 30 the unemployment experience rate of an employer under this section
 31 shall be the rate which appears in the column headed by the
 32 Unemployment Trust Fund Reserve Ratio as of the applicable
 33 calculation date and on the line with the Employer Reserve Ratio, as
 34 defined in paragraph 4 of this subsection (R.S.43:21-7 (c)(4)), as set
 35 forth in the following table:

36 EXPERIENCE RATING TAX TABLE

37 Fund Reserve Ratio¹

38

| 39 | 10.00% | 7.00% | 4.00% | 2.50% | 2.49% | |
|----------------------------|--------|-------|-------|-------|-------|---|
| 40 Employer | and | to | to | to | and | |
| 41 Reserve | Over | 9.99% | 6.99% | 3.99% | Under | |
| 42 Ratio ² | | A | B | C | D | E |
| 43 Positive Reserve Ratio: | | | | | | |
| 44 17% and over | 0.3 | 0.4 | 0.5 | 0.6 | 1.2 | |
| 45 16.00% to 16.99% | 0.4 | 0.5 | 0.6 | 0.6 | 1.2 | |
| 46 15.00% to 15.99% | 0.4 | 0.6 | 0.7 | 0.7 | 1.2 | |

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

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

30 ²Employer Reserve Ratio (Contributions minus benefits as a
31 percentage of employer's taxable wages)] (Deleted by amendment,
32 P.L. 1997, c.)(now pending before the Legislature as this bill.)

33 (ii) With respect to experience rating years beginning on or after
34 July 1, 1997, the new employer rate or the unemployment experience
35 rate of an employer under this section shall be the rate which appears
36 in the column headed by the Unemployment Trust Fund Reserve Ratio
37 as of the applicable calculation date and on the line with the Employer
38 Reserve Ratio, as defined in paragraph 4 of this subsection
39 (R.S.43:21-7 (c)(4)), as set forth in the following table:

| | | EXPERIENCE RATING TAX TABLE | | | | |
|----|--------------------|---------------------------------|-------|-------|-------|-------|
| | | Fund Reserve Ratio ¹ | | | | |
| 42 | | | | | | |
| 43 | | 6.00% | 4.00% | 3.00% | 2.50% | 2.49% |
| 44 | Employer | and | to | to | to | and |
| 45 | Reserve | Over | 5.99% | 3.99% | 2.99% | Under |
| 46 | Ratio ² | A | B | C | D | E |

| | | | | | | |
|----|-------------------------|-----|-----|-----|-----|-----|
| 1 | Positive Reserve Ratio: | | | | | |
| 2 | 17% and over | 0.3 | 0.4 | 0.5 | 0.6 | 1.2 |
| 3 | 16.00% to 16.99% | 0.4 | 0.5 | 0.6 | 0.6 | 1.2 |
| 4 | 15.00% to 15.99% | 0.4 | 0.6 | 0.7 | 0.7 | 1.2 |
| 5 | 14.00% to 14.99% | 0.5 | 0.6 | 0.7 | 0.8 | 1.2 |
| 6 | 13.00% to 13.99% | 0.6 | 0.7 | 0.8 | 0.9 | 1.2 |
| 7 | 12.00% to 12.99% | 0.6 | 0.8 | 0.9 | 1.0 | 1.2 |
| 8 | 11.00% to 11.99% | 0.7 | 0.8 | 1.0 | 1.1 | 1.2 |
| 9 | 10.00% to 10.99% | 0.9 | 1.1 | 1.3 | 1.5 | 1.6 |
| 10 | 9.00% to 9.99% | 1.0 | 1.3 | 1.6 | 1.7 | 1.9 |
| 11 | 8.00% to 8.99% | 1.3 | 1.6 | 1.9 | 2.1 | 2.3 |
| 12 | 7.00% to 7.99% | 1.4 | 1.8 | 2.2 | 2.4 | 2.6 |
| 13 | 6.00% to 6.99% | 1.7 | 2.1 | 2.5 | 2.8 | 3.0 |
| 14 | 5.00% to 5.99% | 1.9 | 2.4 | 2.8 | 3.1 | 3.4 |
| 15 | 4.00% to 4.99% | 2.0 | 2.6 | 3.1 | 3.4 | 3.7 |
| 16 | 3.00% to 3.99% | 2.1 | 2.7 | 3.2 | 3.6 | 3.9 |
| 17 | 2.00% to 2.99% | 2.2 | 2.8 | 3.3 | 3.7 | 4.0 |
| 18 | 1.00% to 1.99% | 2.3 | 2.9 | 3.4 | 3.8 | 4.1 |
| 19 | 0.00% to 0.99% | 2.4 | 3.0 | 3.6 | 4.0 | 4.3 |
| 20 | Deficit Reserve Ratio: | | | | | |
| 21 | -0.00% to -2.99% | 3.4 | 4.3 | 5.1 | 5.6 | 6.1 |
| 22 | -3.00% to -5.99% | 3.4 | 4.3 | 5.1 | 5.7 | 6.2 |
| 23 | -6.00% to -8.99% | 3.5 | 4.4 | 5.2 | 5.8 | 6.3 |
| 24 | -9.00% to -11.99% | 3.5 | 4.5 | 5.3 | 5.9 | 6.4 |
| 25 | -12.00% to -14.99% | 3.6 | 4.6 | 5.4 | 6.0 | 6.5 |
| 26 | -15.00% to -19.99% | 3.6 | 4.6 | 5.5 | 6.1 | 6.6 |
| 27 | -20.00% to -24.99% | 3.7 | 4.7 | 5.6 | 6.2 | 6.7 |
| 28 | -25.00% to -29.99% | 3.7 | 4.8 | 5.6 | 6.3 | 6.8 |
| 29 | -30.00% to -34.99% | 3.8 | 4.8 | 5.7 | 6.3 | 6.9 |
| 30 | -35.00% and under | 5.4 | 5.4 | 5.8 | 6.4 | 7.0 |
| 31 | New Employer Rate | 2.8 | 2.8 | 2.8 | 3.1 | 3.4 |

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

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

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

EXPERIENCE RATING TAX TABLE

| | <u>Fund Reserve Ratio¹</u> | | | | |
|--------------------------------|---------------------------------------|--------------|--------------|--------------|--------------|
| | <u>4.50%</u> | <u>3.50%</u> | <u>3.00%</u> | <u>2.50%</u> | <u>2.49%</u> |
| <u>Employer</u> | <u>and</u> | <u>to</u> | <u>to</u> | <u>to</u> | <u>and</u> |
| <u>Reserve</u> | <u>Over</u> | <u>4.49%</u> | <u>3.49%</u> | <u>2.99%</u> | <u>Under</u> |
| <u>Ratio²</u> | <u>A</u> | <u>B</u> | <u>C</u> | <u>D</u> | <u>E</u> |
| <u>Positive Reserve Ratio:</u> | | | | | |
| <u>17% and over</u> | <u>0.3</u> | <u>0.4</u> | <u>0.5</u> | <u>0.6</u> | <u>1.2</u> |
| <u>16.00% to 16.99%</u> | <u>0.4</u> | <u>0.5</u> | <u>0.6</u> | <u>0.6</u> | <u>1.2</u> |
| <u>15.00% to 15.99%</u> | <u>0.4</u> | <u>0.6</u> | <u>0.7</u> | <u>0.7</u> | <u>1.2</u> |
| <u>14.00% to 14.99%</u> | <u>0.5</u> | <u>0.6</u> | <u>0.7</u> | <u>0.8</u> | <u>1.2</u> |
| <u>13.00% to 13.99%</u> | <u>0.6</u> | <u>0.7</u> | <u>0.8</u> | <u>0.9</u> | <u>1.2</u> |
| <u>12.00% to 12.99%</u> | <u>0.6</u> | <u>0.8</u> | <u>0.9</u> | <u>1.0</u> | <u>1.2</u> |
| <u>11.00% to 11.99%</u> | <u>0.7</u> | <u>0.8</u> | <u>1.0</u> | <u>1.1</u> | <u>1.2</u> |
| <u>10.00% to 10.99%</u> | <u>0.9</u> | <u>1.1</u> | <u>1.3</u> | <u>1.5</u> | <u>1.6</u> |
| <u>9.00% to 9.99%</u> | <u>1.0</u> | <u>1.3</u> | <u>1.6</u> | <u>1.7</u> | <u>1.9</u> |
| <u>8.00% to 8.99%</u> | <u>1.3</u> | <u>1.6</u> | <u>1.9</u> | <u>2.1</u> | <u>2.3</u> |
| <u>7.00% to 7.99%</u> | <u>1.4</u> | <u>1.8</u> | <u>2.2</u> | <u>2.4</u> | <u>2.6</u> |
| <u>6.00% to 6.99%</u> | <u>1.7</u> | <u>2.1</u> | <u>2.5</u> | <u>2.8</u> | <u>3.0</u> |
| <u>5.00% to 5.99%</u> | <u>1.9</u> | <u>2.4</u> | <u>2.8</u> | <u>3.1</u> | <u>3.4</u> |
| <u>4.00% to 4.99%</u> | <u>2.0</u> | <u>2.6</u> | <u>3.1</u> | <u>3.4</u> | <u>3.7</u> |
| <u>3.00% to 3.99%</u> | <u>2.1</u> | <u>2.7</u> | <u>3.2</u> | <u>3.6</u> | <u>3.9</u> |
| <u>2.00% to 2.99%</u> | <u>2.2</u> | <u>2.8</u> | <u>3.3</u> | <u>3.7</u> | <u>4.0</u> |
| <u>1.00% to 1.99%</u> | <u>2.3</u> | <u>2.9</u> | <u>3.4</u> | <u>3.8</u> | <u>4.1</u> |
| <u>0.00% to 0.99%</u> | <u>2.4</u> | <u>3.0</u> | <u>3.6</u> | <u>4.0</u> | <u>4.3</u> |
| <u>Deficit Reserve Ratio:</u> | | | | | |
| <u>-0.00% to -2.99%</u> | <u>3.4</u> | <u>4.3</u> | <u>5.1</u> | <u>5.6</u> | <u>6.1</u> |
| <u>-3.00% to -5.99%</u> | <u>3.4</u> | <u>4.3</u> | <u>5.1</u> | <u>5.7</u> | <u>6.2</u> |
| <u>-6.00% to -8.99%</u> | <u>3.5</u> | <u>4.4</u> | <u>5.2</u> | <u>5.8</u> | <u>6.3</u> |
| <u>-9.00% to -11.99%</u> | <u>3.5</u> | <u>4.5</u> | <u>5.3</u> | <u>5.9</u> | <u>6.4</u> |
| <u>-12.00% to -14.99%</u> | <u>3.6</u> | <u>4.6</u> | <u>5.4</u> | <u>6.0</u> | <u>6.5</u> |
| <u>-15.00% to -19.99%</u> | <u>3.6</u> | <u>4.6</u> | <u>5.5</u> | <u>6.1</u> | <u>6.6</u> |
| <u>-20.00% to -24.99%</u> | <u>3.7</u> | <u>4.7</u> | <u>5.6</u> | <u>6.2</u> | <u>6.7</u> |
| <u>-25.00% to -29.99%</u> | <u>3.7</u> | <u>4.8</u> | <u>5.6</u> | <u>6.3</u> | <u>6.8</u> |
| <u>-30.00% to -34.99%</u> | <u>3.8</u> | <u>4.8</u> | <u>5.7</u> | <u>6.3</u> | <u>6.9</u> |
| <u>-35.00% and under</u> | <u>5.4</u> | <u>5.4</u> | <u>5.8</u> | <u>6.4</u> | <u>7.0</u> |
| <u>New Employer Rate</u> | <u>2.8</u> | <u>2.8</u> | <u>2.8</u> | <u>3.1</u> | <u>3.4</u> |

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

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

(F)(i) [With respect to experience rating years beginning on or after July 1, 1986 and before July 1, 1997, if the balance of the unemployment trust fund as of the prior March 31 is negative, the contribution rate for each employer liable to pay contributions, as

1 computed under subparagraph (E) of this paragraph (5), shall be
2 increased by a factor of 10% computed to the nearest multiple of
3 1/10% if not already a multiple thereof] (Deleted by amendment,
4 P.L.1997, c.)(now pending before the Legislature as this bill).

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

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

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

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

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

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

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

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

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

2 From January 1, 1999 until December 31, 1999, a factor of 10%:

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

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

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

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

30 If, upon calculating the unemployment compensation fund reserve
31 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, [1998]
32 2000, the controller finds that the fund reserve ratio has decreased to
33 a level of less than 3.00%, the Commissioner of Labor shall notify the
34 State Treasurer of this fact and of the dollar amount necessary to bring
35 the fund reserve ratio up to a level of 3.00%. The State Treasurer
36 shall, prior to March 31, [1998] 2000, transfer from the General Fund
37 to 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, in
40 a fund reserve ratio used to determine employer contributions
41 beginning July 1, [1998] 2000 of at least 3.00%.

42 (6) Additional contributions.

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

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

19 (7) Transfers.

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

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

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

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

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

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

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

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

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

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

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

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

23 Each worker shall, starting on January 1, 1998 and ending
24 December 31, 1998, contribute to the unemployment compensation
25 fund ~~[0.40%]~~ 0.10% of wages paid with respect to the worker's
26 employment with a governmental employer electing or required to pay
27 contributions or nongovernmental employer, including a nonprofit
28 organization which is an employer as defined under paragraph (6) of
29 subsection (h) of R.S.43:21-19, regardless of whether that nonprofit
30 organization elects or is required to finance its benefit costs with
31 contributions to the fund or by payments in lieu of contributions, after
32 that employer has satisfied the conditions set forth in subsection (h) of
33 R.S.43:21-19 with respect to becoming an employer, provided that the
34 contributions shall be at the rate of 0.10% of wages paid with respect
35 to employment with the State of New Jersey or any other
36 governmental entity or instrumentality electing or required to make
37 payments in lieu of contributions.

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

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

7 Each worker shall, starting on January 1, 2000 until December 31,
8 2002, contribute to the unemployment compensation fund 0.20% of
9 wages paid with respect to the worker's employment with a
10 governmental employer electing or required to pay contributions or
11 nongovernmental employer, including a nonprofit organization which
12 is an employer as defined under paragraph (6) of subsection (h) of
13 R.S.43:21-19, regardless of whether that nonprofit organization elects
14 or is required to finance its benefit costs with contributions to the fund
15 or by payments in lieu of contributions, after that employer has
16 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
17 with respect to becoming an employer, provided that the contributions
18 shall be at the rate of 0.10% of wages paid with respect to
19 employment with the State of New Jersey or any other governmental
20 entity or instrumentality electing or required to make payments in lieu
21 of contributions.

22 Each worker shall, starting on and after January 1, 2003, contribute
23 to the unemployment compensation fund 0.40% of wages paid with
24 respect to the worker's employment with a governmental employer
25 electing or required to pay contributions or nongovernmental
26 employer, including a nonprofit organization which is an employer as
27 defined under paragraph (6) of subsection (h) of R.S.43:21-19,
28 regardless of whether that nonprofit organization elects or is required
29 to finance its benefit costs with contributions to the fund or by
30 payments in lieu of contributions, after that employer has satisfied the
31 conditions set forth in subsection (h) of R.S.43:21-19 with respect to
32 becoming an employer, provided that the contributions shall be at the
33 rate of 0.10% of wages paid with respect to employment with the
34 State of New Jersey or any other governmental entity or
35 instrumentality electing or required to make payments in lieu of
36 contributions.

37 (E) Each employer shall, notwithstanding any provision of law in
38 this State to the contrary, withhold in trust the amount of his workers'
39 contributions from their wages at the time such wages are paid, shall
40 show such deduction on his payroll records, shall furnish such
41 evidence thereof to his workers as the division or controller may
42 prescribe, and shall transmit all such contributions, in addition to his
43 own contributions, to the office of the controller in such manner and
44 at such times as may be prescribed. If any employer fails to deduct the
45 contributions of any of his workers at the time their wages are paid, or
46 fails to make a deduction therefor at the time wages are paid for the

1 next succeeding payroll period, he alone shall thereafter be liable for
2 such contributions, and for the purpose of R.S.43:21-14, such
3 contributions shall be treated as employer's contributions required
4 from him.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 (1) Except as hereinafter provided, each employer shall, in addition
44 to the contributions required by subsections (a), (b), and (c) of this
45 section, contribute 1/2 of 1% of the wages paid by such employer to
46 workers with respect to employment unless he is not a covered

1 employer as defined in section 3 of the "Temporary Disability Benefits
2 Law" (C.43:21-27 (a)), except that the rate for the State of New
3 Jersey shall be 1/10 of 1% for the calendar year 1980 and for the first
4 six months of 1981. Prior to July 1, 1981 and prior to July 1 each year
5 thereafter, the controller shall review the experience accumulated in
6 the account of the State of New Jersey and establish a rate for the next
7 following fiscal year which, in combination with worker contributions,
8 will produce sufficient revenue to keep the account in balance; except
9 that the rate so established shall not be less than 1/10 of 1%. Such
10 contributions shall become due and be paid by the employer to the
11 controller for the State disability benefits fund as established by law,
12 in accordance with such regulations as may be prescribed, and shall
13 not be deducted, in whole or in part, from the remuneration of
14 individuals in his employ. In the payment of any contributions, a
15 fractional part of a cent shall be disregarded unless it amounts to
16 \$0.005 or more, in which case it shall be increased to \$0.01.

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

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

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

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

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

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

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

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

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

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

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

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

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

36 (ii) $\frac{45}{100}$ of 1% if such excess over \$500.00 equals or exceeds
37 $\frac{1}{4}$ of 1% but is less than $\frac{1}{2}$ of 1% of his average annual payroll;

38 (iii) $\frac{55}{100}$ of 1% if such excess over \$500.00 equals or exceeds
39 $\frac{1}{2}$ of 1% but is less than $\frac{3}{4}$ of 1% of his average annual payroll;

40 (iv) $\frac{65}{100}$ of 1% if such excess over \$500.00 equals or exceeds
41 $\frac{3}{4}$ of 1% but is less than 1% of his average annual payroll;

42 (v) $\frac{75}{100}$ of 1% if such excess over \$500.00 equals or exceeds
43 1% of his average annual payroll.

44 (5) Determination of the preliminary rate as specified in (2), (3)
45 and (4) above shall be subject, however, to the condition that it shall
46 in no event be decreased by more than $\frac{1}{10}$ of 1% of wages or

1 increased by more than $\frac{2}{10}$ of 1% of wages from the preliminary rate
2 determined for the preceding year in accordance with (1), (2), (3) or
3 (4), whichever shall have been applicable.

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

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

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

30 (ii) If the percentage determined in accordance with paragraph
31 (E)(1) of this subsection equals or exceeds $\frac{3}{4}$ of 1% and is less than
32 $1\frac{1}{4}$ of 1%, the final employer rates shall be the preliminary employer
33 rates.

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

45 (iv) If the amount of the State disability benefits fund determined
46 as provided in paragraph (E)(1) of this subsection is equal to or less

1 than 1/4 of 1%, then the final rate shall be 2/5 of 1% in the case of an
2 employer whose preliminary rate is determined as provided in (D)(2)
3 hereof, 7/10 of 1% in the case of an employer whose preliminary rate
4 is determined as provided in (D)(1) and (D)(3) hereof, and 1.1% in the
5 case of an employer whose preliminary rate is determined as provided
6 in (D)(4) hereof. Notwithstanding any other provision of law or any
7 determination made by the controller with respect to any 12-month
8 period commencing on July 1, 1970, the final rates for all employers
9 for the period beginning January 1, 1971, shall be as set forth herein.
10 (cf: P.L.1997, c.255, s.2)

11

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

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

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

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

43 (d) Any governmental entity or instrumentality electing the option
44 for contributions financing shall report and pay contributions in
45 accordance with the provisions of R.S.43:21-7 except that,
46 notwithstanding the provisions of that section, the contribution rate for

1 such governmental entity or instrumentality shall be 1% for the entire
2 calendar year 1978 and the contribution rate for any subsequent
3 calendar years shall be the rate established for governmental entities
4 or instrumentalities under subsection (e) of this section.

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

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

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

45 (h) Notwithstanding the provisions of the above subsection (g),
46 commencing July 1, 1986 worker contributions to the unemployment

1 trust fund with respect to wages paid by any governmental entity or
2 instrumentality electing or required to make payments in lieu of
3 contributions, including the State of New Jersey, shall be made in
4 accordance with the provisions of R.S.43:21-7(d)(1)(C) or
5 R.S.43:21-7(d)(1)(D), as applicable, and, in addition, each
6 governmental entity or instrumentality electing or required to make
7 payments in lieu of contributions shall, except during the period
8 starting January 1, 1993 and ending December 31, 1995 and the period
9 starting April 1, 1996 and ending December 31, ~~[1997]~~ 1998 [or, if
10 the unemployment compensation fund reserve ratio, as determined
11 pursuant to paragraph (5) of subsection (c) of R.S.43:21-7, decreases
12 to a level of less than 4.00% on March 31 of calendar year 1994 or
13 calendar year 1995, ending July 1 of that calendar year], require
14 payments from its workers at the following rates of wages paid, which
15 amounts are to be held in the trust fund maintained by the
16 governmental entity or instrumentality for payment of benefit costs:
17 for the calendar year ~~[1998]~~ 1999, 0.05%; for each calendar year
18 2000 to 2002, 0.10%; and each calendar year thereafter, 0.30%.
19 (cf: P.L.1996, c.30, s.7)

20

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

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

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

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

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

44 Beginning on January 1, 1999 until December 31, 1999, each
45 employee shall, in such a manner and at such times as determined by
46 the commissioner, contribute to the fund an amount equal to 0.25% of

1 the employee's taxable wages.

2 Beginning on January 1, 2000 until December 31, 2002, each
3 employee shall, in such a manner and at such times as determined by
4 the commissioner, contribute to the fund an amount equal to 0.20% of
5 the employee's taxable wages.

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

13 Also beginning on January 1, 1998 until December 31, 2000, each
14 employer shall, in such a manner and at such times as determined by
15 the commissioner, contribute to the fund an amount equal to the
16 amount that the employer's contribution to the unemployment
17 compensation fund is decreased pursuant to subparagraph (H) of
18 paragraph (5) of subsection (c) of R.S.43:21-7.

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

30 c. If the total amount of contributions to the fund pursuant to this
31 section during the calendar year 1993 exceeds \$600 million, all
32 contributions which exceed \$600 million shall be deposited in the
33 unemployment compensation fund. If the total amount of
34 contributions to the fund pursuant to this section during calendar year
35 1994 or calendar year 1995 exceeds \$500 million, all contributions
36 which exceed \$500 million shall be deposited in the unemployment
37 compensation fund. If the total amount of contributions made to the
38 fund pursuant to this section for the calendar year 1996 or 1997
39 exceeds \$330 million, all contributions which exceed \$330 million in
40 calendar year 1996 or 1997 shall be deposited in the unemployment
41 compensation fund. If the total amount of contributions made to the
42 fund pursuant to this section for the calendar year 1998 exceeds \$288
43 million, all contributions which exceed \$288 million in the calendar
44 year 1998 shall be deposited in the unemployment compensation fund.
45 If the total amount of contributions made to the fund pursuant to this
46 section for the calendar year 1999 exceeds \$233.9 million, all

1 contributions which exceed \$233.9 million in the calendar year 1999
2 shall be deposited in the unemployment compensation fund. If the
3 total amount of contributions made to the fund pursuant to this section
4 for the calendar year 2000 exceeds \$178.6 million, all contributions
5 which exceed \$178.6 million in the calendar year 2000 shall be
6 deposited in the unemployment compensation fund. If the total
7 amount of contributions made to the fund pursuant to this section for
8 the calendar year 2001 exceeds \$94.9 million, all contributions which
9 exceed \$94.9 million in the calendar year 2001 shall be deposited in
10 the unemployment compensation fund. If the total amount of
11 contributions made to the fund pursuant to this section for the
12 calendar year 2002 exceeds \$66.5 million, all contributions which
13 exceed \$66.5 million in the calendar year 2002 shall be deposited in
14 the unemployment compensation fund.

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

18 (cf: P.L.1996, c.28, s.14)

19

20 15. Section 32 of P.L.1992, c.160 (C.43:21-7e) is amended to read
21 as follows:

22 32. a. If an employee receives wages from more than one
23 employer during any calendar year, and the sum of the employee's
24 contributions deposited in the fund exceeds an amount equal to 0.6%
25 of the wages determined in accordance with the provisions of
26 paragraph (3) of subsection (b) of R.S.43:21-7 during calendar year
27 1993, calendar year 1994 or calendar year 1995, the employee shall be
28 entitled to a refund of the excess if a claim establishing the employee's
29 right to the refund is made within two years after the end of the
30 respective calendar year in which the wages are received and are the
31 subject of the claim. The commissioner shall refund any overpayment
32 from the fund without interest.

33 If an employee receives wages from more than one employer during
34 the calendar year 1996 and the sum of the employee's contributions
35 deposited in the unemployment compensation fund during the period
36 January 1, 1996 through March 31, 1996 and the employee's
37 contributions deposited in the health care subsidy fund during the
38 period April 1, 1996 through December 31, 1996 exceeds an amount
39 equal to 0.6% of the wages determined in accordance with the
40 provisions of paragraph (3) of subsection (b) of R.S.43:21-7 which
41 wages are received during the period January 1, 1996 through
42 December 31, 1996, the employee shall be entitled to a refund of the
43 excess if a claim establishing the employee's right to the refund is made
44 within two years after the end of the respective calendar year in which
45 the wages are received and are the subject of the claim. The
46 commissioner shall refund any overpayment without interest from the

1 unemployment compensation fund or the health care subsidy fund, or
2 both, as appropriate.

3 If an employee receives wages from more than one employer during
4 the calendar year 1997, and the sum of the employee's contributions
5 deposited in the fund exceeds an amount equal to 0.5% of the wages
6 determined in accordance with the provisions of paragraph (3) of
7 subsection (b) of R.S.43:21-7 during calendar year 1997, the employee
8 shall be entitled to a refund of the excess if a claim establishing the
9 employee's right to the refund is made within two years after the end
10 of the respective calendar year in which the wages are received and are
11 the subject of the claim. The commissioner shall refund any
12 overpayment from the fund without interest.

13 If an employee receives wages from more than one employer during
14 the calendar year 1998, 1999, 2000, 2001 or 2002 and the sum of the
15 employee's contributions deposited in the unemployment compensation
16 fund and the employee's contributions deposited in the health care
17 subsidy fund during the calendar year 1998, 1999, 2000, 2001 or 2002
18 exceeds an amount equal to 0.4% of the wages determined in
19 accordance with the provisions of paragraph (3) of subsection (b) of
20 R.S.43:21-7 which wages are received during the respective calendar
21 year, the employee shall be entitled to a refund of the excess if a claim
22 establishing the employee's right to the refund is made within two
23 years after the end of the respective calendar year in which the wages
24 are received and are the subject of the claim. The commissioner shall
25 refund any overpayment without interest from the unemployment
26 compensation fund or the health care subsidy fund, or both, as
27 appropriate.

28 b. Any employee who is a taxpayer and entitled, pursuant to the
29 provisions of subsection a. of this section, to a refund of contributions
30 deducted during a tax year from his wages shall, in lieu of the refund,
31 be entitled to a credit in the full amount thereof against the tax
32 otherwise due on his New Jersey gross income for that tax year if he
33 submits his claim for the credit and accompanies that claim with
34 evidence of his right to the credit in the manner provided by regulation
35 by the Director of the Division of Taxation. In any case in which the
36 amount, or any portion thereof, of any credit allowed hereunder results
37 in or increases an excess of income tax payment over income tax
38 liability, the amount of the new or increased excess shall be considered
39 an overpayment and shall be refunded to the taxpayer in the manner
40 provided by subsection (a) of N.J.S.54A:9-7.

41 (cf: P.L.1996, c.28, s.15.)

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43 16. This act shall take effect on January 1, 1998 and, if enacted
44 after that date, shall be retroactive to January 1, 1998.

STATEMENT

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This bill provides funding for the remaining six months of fiscal year 1998 and each fiscal year thereafter for the following health care programs:

- Charity care subsidies to hospitals (through the Health Care Subsidy Fund in the Department of Health and Senior Services) - at \$320 million each year, using the methodology and requirements established in P.L.1996, c.28, except that the program will now be budgeted on the basis of the State fiscal year rather than a calendar year;
- The Hospital Relief Fund (in the Division of Medical Assistance and Health Services in the Department of Human Services), which provides subsidies to hospitals that provide a high percentage of care to patients with HIV, mental illness, tuberculosis, substance abuse and addiction or neonatal complexity - at \$101.5 million in State funds each fiscal year, matched annually by \$101.5 million in federal funds;
- The Health Access New Jersey subsidized health insurance program - at \$20 million each fiscal year; and
- Children's health care coverage provided pursuant to Title XXI of the federal Social Security Act - at \$23.8 million for the balance of fiscal year 1998 and \$47.6 million in fiscal year 1999. These funds will be matched by \$44 million in federal funds in fiscal year 1998 and \$88 million in federal funds in fiscal year 1999. The bill provides that an amount be appropriated for each succeeding fiscal year that is sufficient to provide the State match for the maximum amount of federal funding available to New Jersey for this purpose.

The bill provides a total of \$489.1 million in funding for these health care programs while reducing the current reliance on diversions of unemployment insurance (UI) contributions to fund health care for low income persons. A companion bill provides that the first \$155 million collected from the cigarette and other tobacco products taxes (which are increased in that bill) will be deposited each year in the Health Care Subsidy Fund. Also, this bill provides that for the remainder of fiscal year 1998, \$42.9 million in General Fund revenues will be deposited in the Health Care Subsidy Fund for the health care programs. In subsequent years, General Fund contributions will increase to offset the decrease in funds from employer and employee contributions. Employer and employee payroll contributions will decrease and be phased out over a five calendar year period, from \$288 million in calendar year 1998 to \$233.9 million in 1999, \$178.6 million in 2000, \$94.9 million in 2001 and \$66.5 million in 2002.

In addition, the Experience Rating Tax Table has been changed to provide that if the Unemployment Trust Fund Reserve Ratio calculated prior to July 1, 1998 reaches 4.5% or greater, the column A tax rates

- 1 will apply to employer taxes. The current Unemployment Trust Fund
- 2 Reserve Ratio, which was calculated prior to July 1, 1997, is 5.25%.
- 3
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- 5 _____
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- 7 Provides funding for charity care and other health care programs.

STATEMENT

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3 This bill provides funding for the remaining six months of fiscal year
4 1998 and each fiscal year thereafter for the following health care
5 programs:

- 6 • Charity care subsidies to hospitals (through the Health Care
7 Subsidy Fund in the Department of Health and Senior Services) -
8 at \$320 million each year, using the methodology and requirements
9 established in P.L.1996, c.28, except that the program will now be
10 budgeted on the basis of the State fiscal year rather than a calendar
11 year;
- 12 • The Hospital Relief Fund (in the Division of Medical Assistance and
13 Health Services in the Department of Human Services), which
14 provides subsidies to hospitals that provide a high percentage of
15 care to patients with HIV, mental illness, tuberculosis, substance
16 abuse and addiction or neonatal complexity - at \$101.5 million in
17 State funds each fiscal year, matched annually by \$101.5 million in
18 federal funds;
- 19 • The Health Access New Jersey subsidized health insurance program
20 - at \$20 million each fiscal year; and
- 21 • Children's health care coverage provided pursuant to Title XXI of
22 the federal Social Security Act - at \$23.8 million for the balance of
23 fiscal year 1998 and \$47.6 million in fiscal year 1999. These funds
24 will be matched by \$44 million in federal funds in fiscal year 1998
25 and \$88 million in federal funds in fiscal year 1999. The bill
26 provides that an amount be appropriated for each succeeding fiscal
27 year that is sufficient to provide the State match for the maximum
28 amount of federal funding available to New Jersey for this purpose.

29 The bill provides a total of \$489.1 million in funding for these
30 health care programs while reducing the current reliance on diversions
31 of unemployment insurance (UI) contributions to fund health care for
32 low income persons. A companion bill provides that the first \$155
33 million collected from the cigarette and other tobacco products taxes
34 (which are increased in that bill) will be deposited each year in the
35 Health Care Subsidy Fund. Also, this bill provides that for the
36 remainder of fiscal year 1998, \$42.9 million in General Fund revenues
37 will be deposited in the Health Care Subsidy Fund for the health care
38 programs. In subsequent years, General Fund contributions will
39 increase to offset the decrease in funds from employer and employee
40 contributions. Employer and employee payroll contributions will
41 decrease and be phased out over a five calendar year period, from
42 \$288 million in calendar year 1998 to \$233.9 million in 1999, \$178.6
43 million in 2000, \$94.9 million in 2001 and \$66.5 million in 2002.

44 In addition, the Experience Rating Tax Table has been changed to
45 provide that if the Unemployment Trust Fund Reserve Ratio calculated
46 prior to July 1, 1998 reaches 4.5% or greater, the column A tax rates

1 will apply to employer taxes. The current Unemployment Trust Fund
2 Reserve Ratio, which was calculated prior to July 1, 1997, is 5.25%.

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7 Provides funding for charity care and other health care programs.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2358

STATE OF NEW JERSEY

DATED: DECEMBER 15, 1997

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2358.

Senate Bill No. 2358 provides funding for the remaining six months of fiscal year 1998 and each fiscal year thereafter for the following health care programs:

- Charity care subsidies to hospitals (through the Health Care Subsidy Fund in the Department of Health and Senior Services) - at \$320 million each year, using the methodology and requirements established in P.L.1996, c.28, except that the program will now be budgeted on the basis of the State fiscal year rather than a calendar year;
- The Hospital Relief Fund (in the Division of Medical Assistance and Health Services in the Department of Human Services), which provides subsidies to hospitals that provide a high percentage of care to patients with HIV, mental illness, tuberculosis, substance abuse and addiction or neonatal complexity - at \$101.5 million in State funds each fiscal year, matched annually by \$101.5 million in federal funds;
- The Health Access New Jersey subsidized health insurance program - at \$20 million each fiscal year; and
- Children's health care coverage provided pursuant to Title XXI of the federal Social Security Act - at \$23.8 million for the balance of fiscal year 1998 and \$47.6 million in fiscal year 1999. These funds will be matched by \$44 million in federal funds in fiscal year 1998 and \$88 million in federal funds in fiscal year 1999. The bill provides that an amount be appropriated for each succeeding fiscal year that is sufficient to provide the State match for the maximum amount of federal funding available to New Jersey for this purpose.

In addition, the Experience Rating Tax Table is changed to provide that if the Unemployment Trust Fund Reserve Ratio calculated prior to July 1, 1998 reaches 4.5% or greater, the column A tax rates will apply to employer taxes. The current Unemployment Trust Fund Reserve Ratio, which was calculated prior to July 1, 1997, is 5.25%.

FISCAL IMPACT

The bill provides a total of \$489.1 million in funding for the health

care programs described above while reducing the current reliance on diversions of unemployment insurance (UI) contributions to fund health care for low income persons. A companion bill provides that the first \$155 million collected from the cigarette and other tobacco products taxes (which are increased in that companion bill) will be deposited each year in the Health Care Subsidy Fund. Also, this bill provides that for the remainder of fiscal year 1998, \$42.9 million in General Fund revenues will be deposited in the Health Care Subsidy Fund for the health care programs. In subsequent years, General Fund contributions will increase to offset the decrease in funds from employer and employee unemployment insurance contributions. The portion of unemployment insurance fund contributions going to charity care will decrease and be phased out over a five calendar year period, from \$288 million in calendar year 1998 to \$233.9 million in 1999, \$178.6 million in 2000, \$94.9 million in 2001 and \$66.5 million in 2002.

LEGISLATIVE FISCAL ESTIMATE TO
SENATE, No. 2358
STATE OF NEW JERSEY

DATED: JANUARY 6, 1998

Senate Bill No. 2358 of 1997 provides a total of \$244.6 million in the remaining six months of fiscal year 1998, and \$489.1 million in each subsequent fiscal year, for charity and other health care programs. These amounts are to be deposited in the Health Care Subsidy Fund for use as follows (see also Table 1):

- \$320 million per year is allocated to the Department of Health and Senior Services for charity care subsidies to hospitals. Funds will be distributed pursuant to the methodology and requirements established in P.L.1996, c.28, except that the program will now be budgeted on the basis of the State fiscal year, rather than by calendar year;
- \$101.5 million per year is allocated to the Hospital Relief Fund in the Division of Medical Assistance and Health Services in the Department of Human Services for subsidies to hospitals which deliver a high percentage of their care to patients with HIV, mental illness, tuberculosis, substance abuse and addiction or neonatal complexity. These funds will be matched annually by \$101.5 million in federal Medicaid funds.
- \$20 million per year is allocated to Health Access New Jersey, a subsidized health insurance program; and
- \$47.6 million per year is allocated for children's health care coverage provided pursuant to Title XXI of the federal Social Security Act. These funds will be matched annually by \$88 million in federal funds. The bill requires that an amount be appropriated for each succeeding fiscal year that is sufficient to provide the State match for the maximum amount of federal funding available to New Jersey for this purpose.

TABLE 1
FISCAL YEAR FUNDING
BY PROGRAM
(\$ millions)

| <u>Program</u> | <u>FY 1998*</u> | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
|-----------------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| Hospital Charity Care | \$160.0 | \$320.0 | \$320.0 | \$320.0 | \$320.0 | \$320.0 |
| Hospital Relief Fund | \$50.8 | \$101.5 | \$101.5 | \$101.5 | \$101.5 | \$101.5 |
| Health Access NJ | \$10.0 | \$20.0 | \$20.0 | \$20.0 | \$20.0 | \$20.0 |
| Children's Health | <u>\$23.8</u> | <u>\$47.6</u> | <u>\$47.6</u> | <u>\$47.6</u> | <u>\$47.6</u> | <u>\$47.6</u> |
| TOTAL | \$244.6 | \$489.1 | \$489.1 | \$489.1 | \$489.1 | \$489.1 |

*Note that FY 1998 represents six months of funding, January 1 - June 30, 1998.

Funding for these health care programs will come from a combination of sources: employer and employee payroll taxes; General Fund appropriations; and revenue from increased cigarette and tobacco products taxes pursuant to companion legislation (Assembly Bill No. 2157 of 1997). This bill provides for decreasing amounts from the payroll taxes paid by employers and employees in lieu of contributions to the Unemployment Compensation Fund. Employer payroll taxes for charity care will be phased out during FY 2001 (first half of CY 2001), while employee payroll contributions for charity care are phased-out during FY 2003 (first half of CY 2003). An amount equal to \$155 million per year is provided by higher cigarette and tobacco taxes. The remainder will be provided by gradually increasing General Fund contributions, subject to future appropriations. Table 2 summarizes these funding sources by fiscal year:

TABLE 2
FISCAL YEAR FUNDING
BY SOURCE OF FUNDING
(\$ millions)

| <u>Revenues</u> | <u>FY 1998*</u> | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|
| Employer/ Employee Payroll Contributions | \$201.7 | \$250.0 | \$195.5 | \$120.0 | \$95.0 | \$0.0 |
| General Fund | \$42.9 | \$84.1 | \$138.6 | \$214.1 | \$239.1 | \$334.1 |
| Cigarette & Tobacco** | <u>\$0.0</u> | <u>\$155.0</u> | <u>\$155.0</u> | <u>\$155.0</u> | <u>\$155.0</u> | <u>\$155.0</u> |
| TOTAL | \$244.6 | \$489.1 | \$489.1 | \$489.1 | \$489.1 | \$489.1 |

*Note that FY 1998 represents six months of funding, January 1 - June 30, 1998.

**Funding from this source is provided in a companion bill, A-2157 of 1997.

Lastly, the bill revises the experience rating tax table upon which employer contributions to the Unemployment Compensation Fund are based, such that: employer tax schedule "A" is applied whenever the fund reserve ratio is equal to or exceeds 4.50 percent (compared to 6.00 percent currently); employer tax schedule "B" is applied whenever the fund reserve ratio falls within the range of 3.50 to 4.49 percent (compared to 4.00 to 5.99 percent currently); and employer tax schedule "C" is applied whenever the fund reserve ratio falls within the range of 3.00 to 3.49 percent (compared to 3.00 to 3.99 percent currently). The fund reserve ratios applicable to employer tax schedules "D" and "E" are unchanged.

IMPACT ON THE UNEMPLOYMENT COMPENSATION FUND:

As described above, the bill provides for a declining schedule of payroll tax contributions for charity care during fiscal years 1998-2003. These contributions by employees and employers to the Health Care Subsidy Fund are in lieu of contributions to the Unemployment Compensation Fund. On a calendar year (CY) basis, employer and employee payroll tax contributions for charity care are capped at: \$288.0 million in CY 1998; \$233.9 million CY in 1999; \$178.6 million in CY 2000; \$94.9 million in CY 2001; and \$66.5 million in CY 2002, for a total of \$861.9 million over a five-year period. By contrast, payroll tax contributions to the Health Care Subsidy Fund during CY 1996 and 1997 were \$330 million annually.

Any employee contributions from the tax on the unemployment compensation wage base (equal to 0.30 percent in CY 1998; 0.25 percent in CY 1999; and 0.20 percent in CY's 2000 -- 2002) and any employer contributions, as provided in section 12 of the bill, which are in excess of the amounts required to be deposited in the Health Care Subsidy Fund, will revert to the Unemployment Compensation Fund.

The OLS notes, based upon information provided by the Department of Labor, that given projected total taxable wages, employer and employee payroll tax contributions should be more than sufficient for the purposes of funding the Health Care Subsidy Fund as provided by the bill.

Further, the OLS anticipates that the declining schedule of employee and employer contributions would, under most foreseeable economic conditions, leave Unemployment Compensation Fund balances sufficiently high so that the fund reserve ratio can be expected to remain above 4.5 percent in the short-term, resulting in an initial lowering of the employer tax rate schedule. That is, it is anticipated that there would be a shift from employer tax rate schedule "B," which is currently in effect, to schedule "A," which has lower employer tax rates, effective July 1, 1998. However, the OLS is unable to accurately project whether tax rate schedule "A" will remain operative following July 1, 2000, given the combined effect on payroll

tax contributions to the Unemployment Compensation Fund from both the diversion for charity care and the reduction in employer tax rates, as well as uncertain future economic conditions.

Despite the near-term decrease in rates anticipated as a result of a change in the applicable employer tax rate schedule, the OLS notes that individual employers may experience "bracket creep," or a higher individual contribution rate as a result of the bill, even if no benefits are paid from the employers' individual accounts. In particular, small businesses and businesses which have recently established an experience rating could be adversely affected in this regard, since their individual experience ratings will reflect disproportionately the reduction in unemployment compensation contributions. Moreover, any excess funds which revert from the Health Care Subsidy Fund to the Unemployment Compensation Fund will be credited to the overall fund balance, but will not be reflected in the accounts of individual employers. However, it is noted that under the provisions of the bill, the employer contributions for charity care are phased-out in the beginning of CY 2001, whereas employee contributions extend through CY 2002.

IMPACT ON THE GENERAL FUND:

As outlined in Table 2 (see above), the bill authorizes the use of \$1.053 billion in General Fund revenues through the year 2003 for the purpose of funding charity and other health care programs, including \$42.9 million to be appropriated in the current fiscal year. These General Fund contributions are intended to gradually increase, offsetting the decrease in funds from employer and employee payroll tax contributions for health care purposes.

In addition, that the bill provides that, should the Unemployment Compensation Fund reserve ratio decrease to a level of less than 3.0 percent through March 31, 2000, the State Treasurer shall transfer from the General Fund to the Unemployment Compensation Fund such revenues as would be sufficient to obtain a reserve ratio equal to 3.0 percent. However, given projected taxable wages and most foreseeable conditions, such a transfer from the General Fund is not anticipated.

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.

Office of the Governor

PO BOX 004
TRENTON, NJ 08625

NEWS RELEASE

CONTACT: Pete McDonough
609-777-2600

RELEASE: December 19, 1997

GOVERNOR ENACTS PERMANENT SOLUTION TO PROBLEM OF FUNDING HEALTH CARE FOR THE UNINSURED

Gov. Christie Whitman today signed legislation that put to rest the vexing question of how to pay for health care for the state's uninsured. The Governor ended the state's reliance on unemployment insurance contributions and established a permanent revenue source to fund charity care.

The legislation signed today will provide a total of \$489.1 million in funding for charity care and additional subsidized health care programs in FY 1998 and will establish a permanent funding mechanism to support the programs. The Governor enacted an increase in the state cigarette tax from 40 cents to 80 cents per pack, with new revenue dedicated to funding charity care and the construction and renovation of New Jersey's public schools.

"The charity care provided by New Jersey hospitals and our subsidized health insurance programs are critical to the health and well being of our families and our children in need," said Gov. Whitman. "With the signing of these laws today, we now have a permanent revenue source to fund the charity care program, and we are putting an end to reliance on unemployment insurance. We have ensured the continuation of this vital program for New Jerseyans in need."

"The new laws establish a funding mechanism for two programs that are essential to the health, safety and development of New Jersey's most important residents, our children," said the Governor. "Our new KidCare program will ensure that New Jersey's children receive the medical care and attention that they need. And by dedicating \$50 million annually from the cigarette tax to facilities construction for our public schools, we ensure that our children will always have a safe and adequate learning environment."

The Governor signed S-2358, sponsored by Senators Robert Littell (R-Sussex/Hunterdon/Morris) and Peter Inverso (R-Mercer), Assembly Speaker Jack Collins (R-Salem/Cumberland/Gloucester) and Assembly Minority Leader Joe Doria (D-Hudson), which provides funding for charity care and other health care programs.

The bill provides for the following funds:

- \$320 million each year for charity care subsidies for hospitals. Charity care is reimbursement for New Jersey hospitals that donate free medical care to uninsured citizens in need;
- \$101.5 million annually for the Hospital Relief Fund. The fund provides subsidies to hospitals that render care to a high percentage of patients with HIV, mental illness, tuberculosis, substance abuse and neonatal complexity. The state funding will be matched annually by \$101.5 million in federal funds;
- \$20 million annually for Health Access New Jersey, the state's subsidized health insurance program for uninsured residents who do not qualify for Medicaid; and
- \$47.6 million in 1999 for the Governor's KidCare program to provide children's health coverage and \$23.8 million for the balance of fiscal year 1998. These funds will be matched by \$44 million in federal funds in 1998 and \$88 million in fiscal year 1999. An

amount will be appropriated for each succeeding fiscal year to enable the state to receive available matching funds.

The bill phases out, over a five year period, the current reliance on unemployment insurance (UI) contributions to support the programs. Reliance will be decreased from \$288 million in 1998 to \$233.9 million in 1999, \$178.6 million in 2000, \$94.9 million in 2001 and \$66.5 million in 2002.

The bill also provides that \$42.9 million in General Fund revenues will be deposited in the Health Care Subsidy Fund for the remainder of FY 1998. In subsequent years, the General Fund contribution will increase to offset the decrease in funds from the UI contributions.

The Governor also signed A-2157, sponsored by Assembly Speaker Jack Collins, Assembly Member Kip Bateman (R- Morris/Somerset) and Senator Jack Ewing (R-Morris /Somerset), which increases the state sales tax on cigarettes from 40 cents to 80 cents per pack. The bill also raises the tax on other tobacco products from 24 percent to 48 percent.

The law provides that the first \$155 million collected from the tax each year will be deposited into the Health Care Subsidy Fund to support charity care and related programs. The next \$50 million collected from the cigarette tax will be deposited into the School Construction and Renovation Fund to address school facility needs.

The act will take effect on January 1, and will apply to tobacco products delivered on or after that date.

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