

LEGISLATIVE HISTORY CHECKLIST
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(Unemployment compensation--
 decrease current penalty for
 lump sum)

NJSA: 43:21-5a

LAWS OF: 1993 **CHAPTER:** 330

BILL NO: A1819

SPONSOR(S) Bagger and others

DATE INTRODUCED: September 21, 1992

COMMITTEE: **ASSEMBLY:** Labor; Appropriations
SENATE: State Government

AMENDED DURING PASSAGE: Yes Amendments during passage
 First reprint enacted denoted by superscript
 numbers

DATE OF PASSAGE: **ASSEMBLY:** March 1, 1993
SENATE: December 2, 1993

DATE OF APPROVAL: December 23, 1993

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes 10-1-92 & 11-23-92
SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG:pp

[FIRST REPRINT]
ASSEMBLY, No. 1819

STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 21, 1992

By Assemblyman BAGGER

1 AN ACT concerning unemployment compensation benefits and
2 lump sum pension payments and amending P.L.1980, c.13.

3

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

6 1. Section 1 of P.L.1980, c.13 (C.43:21-5a) is amended to read
7 as follows:

8 1. The amount of benefits payable to an individual for any
9 week which begins in a period with respect to which such
10 individual is receiving a governmental or other pension,
11 retirement or retired pay, annuity, or other similar periodic
12 payment which is based on the previous work of such individual
13 shall be reduced, but not below zero, by an amount equal to the
14 amount of such pension, retirement or retired pay, annuity, or
15 other payment, which is reasonably attributable to such week;
16 provided that such reduced weekly benefit rate shall be computed
17 to the next lower multiple of \$1.00 if not already a multiple
18 thereof and that any such reduction in the weekly benefit rate
19 shall reduce the maximum total benefits of the individual during
20 the benefit year; provided further that, if the provisions of the
21 federal Unemployment Tax Act permit, the Commissioner of
22 Labor may prescribe in regulations which are consistent with the
23 federal Unemployment Tax Act either or both of the following:

24 a. The requirements of this section shall only apply in the case
25 of a pension, retirement or retired pay, annuity, or other similar
26 periodic payment under a plan maintained or contributed to by a
27 base period or chargeable employer as determined under the
28 chapter to which this act is a supplement;

29 b. The amount of any such reduction shall be determined
30 taking into account contributions made by the individual for the
31 pension, retirement or retired pay, annuity or other similar
32 periodic payment.

33 The amount of benefits payable to an individual ¹who is
34 involuntarily and permanently separated from employment prior
35 to the date at which the individual may retire with full pension
36 rights¹ shall not be reduced pursuant to this section because the
37 individual receives a lump sum payment in lieu of periodic
38 pension, retirement or annuity payments, ¹[if the individual is
39 involuntarily and permanently separated from employment prior
40 to the date at which the individual may retire with full or partial
41 pension rights] except that the benefits payable to the individual

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly ALA committee amendments adopted October 1, 1992.

1 may be reduced during the week in which the individual receives
2 the lump sum payment¹.

3 (cf. P.L.1984, c.24, s.15)

4 2. This act shall take effect immediately and the provisions of
5 this act shall apply to individuals who are separated from
6 employment on or after July 1, 1992.

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11 _____
12 Concerns UI benefits for claimants receiving lump sum pension
payments.

STATEMENT

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This bill provides that if an individual is permanently laid-off prior to retirement age, there shall be no reduction in the individual's unemployment insurance benefits due to any lump sum payment of pension benefits to the individual.

Concerns UI benefits for claimants receiving lump sum pension payments.

ASSEMBLY LABOR COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1819

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 1, 1992

The Assembly Labor Committee reports favorably Assembly Bill No. 1819 with committee amendments.

As amended by the committee, the bill provides that if an individual is permanently laid-off prior to retirement age, there shall be no reduction in the individual's unemployment insurance benefits due to any lump sum payment of pension benefits to the individual, except that the benefits may be reduced during the week in which the individual receives the lump sum payment.

The bill has the effect of overriding the current State Department of Labor regulation, N.J.A.C.12:17-11.3, which requires that if a claimant for unemployment benefits receives a lump sum pension payment, the claimant's benefits are reduced by an amount determined by prorating the dollar value of the lump sum pension payment over the life expectancy of the claimant.

The committee amendments permit the reduction of unemployment benefits during the week in which the individual receives the lump sum payment.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY, No. 1819

STATE OF NEW JERSEY

DATED: NOVEMBER 23, 1992

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1819 (1R).

Assembly Bill No. 1819 (1R) provides that if an individual is permanently laid-off prior to retirement age, there shall not be a reduction in the individual's unemployment insurance benefits due to any lump sum payment of pension benefits to the individual, except that the benefits may be reduced during the week in which the individual receives the lump sum payment.

The bill has the effect of overriding the current State Department of Labor regulation, N.J.A.C.12:17-11.3, which requires that if a claimant for unemployment benefits receives a lump sum pension payment, the claimant's benefits are reduced by an amount determined by prorating the dollar value of the lump sum pension payment over the life expectancy of the claimant.

FISCAL IMPACT:

This bill will have no impact on General Fund moneys and, most likely, a minimal effect on unemployment funds.

SENATE STATE GOVERNMENT COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY, No. 1819

STATE OF NEW JERSEY

DATED: JUNE 24, 1993

The Senate State Government Committee reports favorably Assembly Bill No. 1819 [1R].

At present, a Department of Labor regulation (N.J.A.C.12:17-11.3) requires that if a claimant for unemployment insurance benefits receives a lump sum pension payment, the claimant's benefits are reduced by an amount determined by prorating the dollar value of the lump sum pension payment over the life expectancy of the claimant. This bill overrules that regulation and provides that, except during the week in which an individual receives a lump sum pension payment, the amount of unemployment insurance benefits payable to an individual who is involuntarily and permanently laid off prior to the date at which the individual may retire with full pension rights shall not be reduced because the individual receives a lump sum pension payment instead of periodic pension payments.

This act shall take effect immediately and apply to individuals who were separated from employment on or after July 1, 1992.