

House Labor 3/19 Amend (5567) + Do Pass 3/27 (p. 1072)

APR 10 1986

SENATE FILE 2283
BY COMMITTEE ON LABOR AND
INDUSTRIAL RELATIONS
Approved (p. 652)

Passed Senate, Date 3-19-86 (p. 782) Passed House, Date 4-2-86 (p. 1138)

Vote: Ayes 47 Nays 0 Vote: Ayes 91 Nays 0

Approved May 2, 1986 (p. 1612)

*Repassed Senate 4-11-86 (p. 1197)
42-0*

*Repassed House 4-17-86 (p. 1543)
95-0*

A BILL FOR

55671 An Act relating to voluntary contributions by special zero-rated
2 employers to meet the applicable percentage of excess
3 requirement of the unemployment compensation contribution law
4 and establishing a special unemployment compensation rate for
5 certain expanding employers, and making the expanding employer
6 rate retroactive and conditional.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2283

5567, 54987

1 Section 1. Section 96.7, subsection 3, paragraph d,
2 unnumbered paragraph 6, Code 1985, is amended to read as
3 follows:

58. 4 During any rate year an employer assigned a contribution
5 rate under this lettered paragraph is not required to
6 contribute to the unemployment compensation ~~trust~~ fund if the
7 employer's percentage of excess is seven ~~point-five~~ and five-
8 tenths percent or greater for the rate year and the employer
9 has not been charged with benefit payments for any time within
10 the twenty-four calendar quarters immediately preceding the
11 ~~rate~~ computation date for the rate year. If an employer is
12 not required to contribute for a rate year to the ~~trust~~ fund
13 under this unnumbered paragraph but would be required to
14 contribute for the next rate year under this lettered
15 paragraph, the employer's contribution rate for the next rate
16 year is ~~either~~ the employer's experience rate computed under
17 this lettered paragraph ~~or one-and-eight-tenths-percent,~~
18 ~~whichever-is-less.~~ ~~For-subsequent-years,-either-the-employer~~
19 ~~is-not-required-to-contribute-under-this-unnumbered-paragraph~~
20 ~~or-the-employer's-contribution-rate-is-the-employer's~~
21 ~~experience-rate-computed-under-this-lettered-paragraph.~~
22 However, notwithstanding the voluntary contribution provisions
23 of section 96.7, subsection 3, paragraph "a", subparagraph
24 (7), if the employer's account has not been charged with
25 benefit payments during the twenty-four calendar quarters
26 immediately preceding the computation date and the employer's
27 percentage of excess is less than seven and five-tenths
28 percent, the employer shall not be required to contribute to
29 the unemployment compensation fund for the rate year if the
30 employer makes a voluntary contribution which raises the
31 employer's percentage of excess to seven and five-tenths
32 percent or greater.

33 Sec. 2. NEW SECTION. 96.7B EXPANDING EMPLOYMENT
34 INCENTIVE.

35 1. An employer shall receive a reduction in the employer's

1 average annual payroll due to an increase in employment if the
2 employer meets all of the following requirements:

3 a. The employer is qualified for an experience rating and
4 has a positive balance in the employer's account.

5 b. The employer's account was charged with benefits for
6 the four calendar quarters immediately preceding the
7 computation date in a dollar amount less than the difference
8 of the taxable wages reported by the employer for the calendar
9 year immediately preceding the computation date minus the
10 taxable wages reported by the employer for the calendar year
11 preceding the calendar year which immediately precedes the
12 computation date.

13 c. The employer's numerical increase in employment is
14 equal to or greater than one under both subparagraphs (1) and
15 (2).

16 (1) The employer's increase in employment, calculated by
17 number of employees, equals the average mid-month employment
18 reported by the employer for the calendar year immediately
19 preceding the computation date minus the four-year average
20 mid-month employment reported by the employer for the four
21 calendar years preceding the calendar year which immediately
22 precedes the computation date.

23 (2) The employer's increase in employment, calculated by
24 amount of taxable wages, equals the taxable wages reported by
25 the employer for the calendar year immediately preceding the
26 computation date minus the four-year average of the taxable
27 wages reported by the employer for the four calendar years
28 preceding the calendar year which immediately precedes the
29 computation date, divided by the taxable wage base for the
30 calendar year immediately preceding the computation date.

31 However, in calculating the increase in the employer's average
32 annual payroll any portion of that increase due to an increase
33 or decrease in taxable wages under section 96.19, subsection
34 20, or due to the fact that the employer is a successor
35 employer shall be disregarded.

1 2. The reduction in the current average annual payroll of
2 an employer qualified under subsection 1 equals fifty percent
3 of any increase in the employer's current average annual
4 payroll over the employer's average annual payroll for the
5 previous year. However, in calculating the increase in the
6 employer's average annual payroll any portion of that increase
7 due to an increase or decrease in taxable wages under section
8 96.19, subsection 20, or due to the fact that the employer is
9 a successor employer, shall be disregarded. The employer's
10 average annual payroll for the next two consecutive years
11 shall each be reduced by the amount of the reduction in the
12 employer's current average annual payroll, unless the employer
13 is entitled to a greater reduction in the employer's average
14 annual payroll as calculated under this section, in which case
15 the greater reduction is applicable for three years unless a
16 yet greater reduction is applicable.

17 3. The department shall use the employer's average annual
18 payroll to compute the employer's percentage of excess, shall
19 compute the employer's percentage of excess rank by ranking
20 the employer's percentage of excess relative to all other
21 employers' percentages of excess, shall recompute the
22 employer's percentage of excess by using the employer's
23 reduced average annual payroll, and shall assign to the
24 employer the contribution rate in the rate table which
25 corresponds to the employer's reduced percentage of excess
26 rank without adjusting the total taxable wages in each rank
27 and without reranking employers in the rate table.

5622
5621, 5567
28 Sec. 3. Section 96.7A, Code Supplement 1985, is repealed.

5567
29 Sec. 4. Sections 2 and 3 of this Act take effect from and
30 after its publication in The Red Oak Express, a newspaper
31 published in Red Oak, Iowa, and in the Waterloo Courier Cedar
32 Falls Record, a newspaper published in Waterloo, Iowa, and is
33 retroactive to January 1, 1986. The department of job service
34 shall apply sections 2 and 3 of this Act so that the expanding
35 employment incentive applies for the entire rate year 1986.

1 However, sections 2 and 3 of this Act are null and void if the
2 final decision of the United States department of labor holds
3 that the sections place Iowa's unemployment compensation law
4 out of conformity with federal law.

5 EXPLANATION

6 Section 1 of this bill allows an employer, who was formerly
7 a special zero-rated employer but who would currently be
8 required to contribute to the unemployment compensation fund
9 due to the employer's percentage of excess falling below 7.5
10 percent, to voluntarily contribute to the fund to raise the
11 employer's percentage of excess to 7.5 percent or greater, and
12 thereby retain the special zero contribution rate.

13 Section 2 reenacts Senate File 383 from the 1985 session in
14 a slightly different form, basing the qualification for the
15 expanding employment incentive on the experience of the
16 employer. The expanding employment incentive is effective
17 upon publication, retroactive to the beginning of the 1986
18 rate year.

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HOUSE AMENDMENT TO
SENATE FILE 2283

S-5593

1 Amend Senate File 2283 as passed by the Senate as
2 follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "Section 1. Section 96.5, subsection 1, Code
6 Supplement 1985, is amended by adding the following
7 new lettered paragraph:

8 NEW LETTERED PARAGRAPH. j. The individual is
9 unemployed as a result of the individual's employer
10 selling or otherwise transferring a clearly segregable
11 and identifiable part of the employer's business or
12 enterprise to another employer which does not make an
13 offer of suitable work to the individual as provided
14 under subsection 3; however, if the individual does
15 accept, and works in and is paid wages for, suitable
16 work with the acquiring employer, the acquiring
17 employer immediately becomes chargeable for the
18 benefits paid which are based on the wages paid by the
19 transferring employer."

20 2. Page 1, line 9, by inserting after the word
21 "with" the following: "more than a total of one
22 hundred dollars in".

23 3. Page 1, line 11, by inserting after the word
24 "year." the following: "However, notwithstanding the
25 voluntary contribution provisions of section 96.7,
26 subsection 3, paragraph "a", subparagraph (7), if the
27 employer's account has not been charged with more than
28 a total of one hundred dollars in benefit payments
29 during the twenty-four calendar quarters immediately
30 preceding the computation date and the employer's
31 percentage of excess is less than seven and five-
32 tenths percent, the employer shall not be required to
33 contribute to the unemployment compensation fund for
34 the rate year if the employer makes a voluntary
35 contribution which raises the employer's percentage of
36 excess to seven and five-tenths percent or greater and
37 which equals or exceeds the amount of any benefit
38 charge, of no more than one hundred dollars within the
39 preceding twenty-four calendar quarters, to the
40 employer's account."

41 4. Page 1, by striking lines 16 through 32 and
42 inserting the following: "year is either the
43 employer's experience rate computed under this
44 lettered paragraph or one and eight-tenths percent,
45 whichever is less. For subsequent years, either the
46 employer is not required to contribute under this
47 unnumbered paragraph or the employer's contribution
48 rate is the employer's experience rate computed under
49 this lettered paragraph. However, the employer's
50 experience rate shall be limited for each of the next

S-5593

1 three consecutive rate years. For the first rate
2 year, the employer's rate shall be limited to the rate
3 in the percentage of excess rank which is no more than
4 three percentage of excess ranks higher numerically
5 than the rank containing the one and eight-tenths
6 percent rate or the next lower rate. For each of the
7 next two rate years, the employer's rate shall be
8 limited to the rate in the percentage of excess rank
9 which is no more than three percentage of excess ranks
10 higher numerically than the rank in which the employer
11 was placed for the immediate past rate year."

12 5. Page 3, by inserting after line 27 the
13 following:

14 "Sec. ____ 1986 CONTRIBUTIONS FOR CERTAIN ZERO-
15 RATED EMPLOYERS. If an employer was not required to
16 contribute to the unemployment compensation fund for
17 any prior rate year under section 96.7, subsection 3,
18 paragraph "d", unnumbered paragraph 6, but is required
19 to contribute for calendar year 1986 solely due to the
20 fact that the employer's percentage of excess is less
21 than seven and five-tenths percent, and if the
22 employer's contributions paid for the first two
23 calendar quarters of 1986 raise the employer's
24 percentage of excess to seven and five-tenths percent
25 or more, based on the employer's average annual
26 payroll computed as of July 1, 1986, the employer is
27 not required to contribute to the fund for the last
28 two calendar quarters of 1986."

29 6. By striking page 3, line 29 through page 4,
30 line 4.

31 7. Title page, line 1, by inserting after the
32 word "Act" the following: "relating to employer
33 charges for benefits involving the transfer of a
34 clearly segregable and identifiable part of a business
35 or enterprise,".

36 8. Title page, line 3, by inserting after the
37 word "law" the following: ", relating to contribution
38 rates and schedules for special zero-rated
39 employers,".

40 9. Title page, by striking lines 5 and 6, and
41 inserting the following: "certain expanding
42 employers."

43 10. By renumbering as necessary.

S-5593 Filed April 4, 1986 REC'D FROM THE HOUSE
Senate amended (5614 B) + Concurred 4/11 (p. 1196)

S-5614

SENATE FILE 2283

1 Amend the amendment, S-5593, to Senate File 2283 as
2 follows:

3 1. Page 2, by inserting after line 11 the
4 following:

5 " . Page 2, by striking lines 31 through 35."

6 2. Page 2, by striking lines 12 through 28.

7 3. By renumbering as necessary.

S-5614 Filed April 7, 1986

BY HULTMAN

B-Adopted; A-Ruled not germane 4/11 (p. 1196)

SENATE FILE 2283

H-5621

1 Amend Senate File 2283 as follows:

2 1. Page 3, by inserting after line 27 the
3 following:

4 "Sec. ____ . Section 96.19, subsection 20, Code
5 1985, is amended to read as follows:

6 20. "TAXABLE WAGES". ~~For the purposes of section
7 96.7, subsections 1 and 2 and for the period beginning
8 January 1, 1972 and ending December 31, 1977, taxable
9 wages shall not include that part of remuneration
10 which, after remuneration equal to four thousand two
11 hundred dollars has been paid in a calendar year to an
12 individual by an employer or the employer's
13 predecessor with respect to employment during any
14 calendar year, is paid to such individual by such
15 employer during such calendar year unless that part of
16 the remuneration is subject to a tax under a federal
17 law imposing a tax against which credit may be taken
18 for contributions required to be paid into a state
19 unemployment fund, except that for the calendar years
20 1976 and 1977 the remuneration figure shall be six
21 thousand dollars.~~

22 For the purposes of this subsection, the term
23 "employment" includes service constituting employment
24 under any unemployment compensation law of another
25 state provided such the other state will consider
26 service performed in Iowa in determining the
27 contribution base.

28 ~~For the calendar year beginning January 1, 1978,
29 and each subsequent calendar year, taxable "Taxable
30 wages" means upon which an employer shall be required
31 to contribute based upon remuneration which has been
32 paid in a calendar year to an individual by an the
33 employer or the employer's predecessor with respect to
34 employment during any the calendar year shall be, and
35 is equal to the greater of the following:~~

36 ~~a. Sixty-six and two-thirds percent of the
37 statewide average annual wage paid to employees in
38 insured work rounded to the next highest multiple of
39 one hundred dollars based upon the calculation made
40 during the previous calendar year used to determine
41 the maximum weekly benefit amount, or Twelve thousand
42 dollars.~~

43 ~~b. That portion of remuneration subject to a tax
44 under a federal law imposing a tax against which
45 credit may be taken for contributions required to be
46 paid into a state unemployment fund.~~

47 ~~However, the amount of taxable wages otherwise
48 determined under this subsection shall be increased by
49 six hundred dollars for calendar year 1984, by eleven
50 hundred dollars for calendar year 1985, and by sixteen~~

1 hundred-dollars-for-calendar-year-1986-and-subsequent
 2 calendar-years: However, notwithstanding any
 3 provision of this chapter to the contrary, an employer
 4 shall only be required to contribute, based upon
 5 remuneration which has been paid to an individual by
 6 the employer or the employer's predecessor with
 7 respect to employment during the calendar year, on the
 8 amount of taxable wages which is subject to federal
 9 tax, or on the first eight thousand dollars of taxable
 10 wages paid to the individual, whichever is greater.

11 Sec. . 1983 Iowa Acts, chapter 190, section 26,
 12 is amended to read as follows:

13 SEC. 26. PROSPECTIVE REPEAL. Sections Section 8
 14 and-24 of this Act are is prospectively repealed on
 15 January 1 of the first calendar year after December
 16 31, 1985 for which a contribution rate table other
 17 than contribution rate table one is effective.
 18 Section 8 is repealed for benefit claims effectively
 19 filed for and after the first full week in that first
 20 calendar year. Section-24-is-repealed-for-taxable
 21 wages-for-that-first-calendar-year-and-subsequent
 22 calendar-years:"

23 2. By renumbering as necessary.

BY HALVORSON of Clayton
 COREY of Louisa

H-5621 FILED APRIL 1, 1986

Revised not germane 4/2 (p. 1135)

SENATE FILE 2283

H-5498

1 Amend Senate File 2283 as passed by the Senate as
 2 follows:

3 1. Page 1, by inserting before line 1 the
 4 following:

5 "Section 1. Section 96.5, subsection 1, Code
 6 Supplement 1985, is amended by adding the following
 7 new lettered paragraph:

8 NEW LETTERED PARAGRAPH. j. The individual is
 9 unemployed as a result of the individual's employer
 10 selling or otherwise transferring a clearly segregable
 11 and identifiable part of the employer's business or
 12 enterprise to another employer which does not make an
 13 offer of suitable work to the individual as provided
 14 under subsection 3; however, if the individual does
 15 accept, and works in and is paid wages for, suitable
 16 work with the acquiring employer, the acquiring
 17 employer immediately becomes chargeable for the
 18 benefits paid which are based on the wages paid by the
 19 transferring employer."

20 2. By renumbering as necessary.

H-5498 FILED MARCH 20, 1986

BY MAULSBY of Calhoun

W/D 4/2 (p. 1133)

SENATE FILE 2283

H-5567

1 Amend Senate File 2283 as passed by the Senate as
2 follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "Section 1. Section 96.5, subsection 1, Code
6 Supplement 1985, is amended by adding the following
7 new lettered paragraph:

8 NEW LETTERED PARAGRAPH. j. The individual is
9 unemployed as a result of the individual's employer
10 selling or otherwise transferring a clearly segregable
11 and identifiable part of the employer's business or
12 enterprise to another employer which does not make an
13 offer of suitable work to the individual as provided
14 under subsection 3; however, if the individual does
15 accept, and works in and is paid wages for, suitable
16 work with the acquiring employer, the acquiring
17 employer immediately becomes chargeable for the
18 benefits paid which are based on the wages paid by the
19 transferring employer."

20 2. Page 1, line 9, by inserting after the word
21 "with" the following: "more than a total of one
22 hundred dollars in".

23 3. Page 1, line 11, by inserting after the word
24 "year." the following: "However, notwithstanding the
25 voluntary contribution provisions of section 96.7,
26 subsection 3, paragraph "a", subparagraph (7), if the
27 employer's account has not been charged with more than
28 a total of one hundred dollars in benefit payments
29 during the twenty-four calendar quarters immediately
30 preceding the computation date and the employer's
31 percentage of excess is less than seven and five-
32 tenths percent, the employer shall not be required to
33 contribute to the unemployment compensation fund for
34 the rate year if the employer makes a voluntary
35 contribution which raises the employer's percentage of
36 excess to seven and five-tenths percent or greater and
37 which equals or exceeds the amount of any benefit
38 charge, of no more than one hundred dollars within the
39 preceding twenty-four calendar quarters, to the
40 employer's account."

41 4. Page 1, by striking lines 16 through 32 and
42 inserting the following: "year is either the
43 employer's experience rate computed under this
44 lettered paragraph or one and eight-tenths percent,
45 whichever is less. For subsequent years, either the
46 employer is not required to contribute under this
47 unnumbered paragraph or the employer's contribution
48 rate is the employer's experience rate computed under
49 this lettered paragraph. However, the employer's
50 experience rate shall be limited for each of the next

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Page Two

1 three consecutive rate years. For the first rate
2 year, the employer's rate shall be limited to the rate
3 in the percentage of excess rank which is no more than
4 three percentage of excess ranks higher numerically
5 than the rank containing the one and eight-tenths
6 percent rate or the next lower rate. For each of the
7 next two rate years, the employer's rate shall be
8 limited to the rate in the percentage of excess rank
9 which is no more than three percentage of excess ranks
10 higher numerically than the rank in which the employer
11 was placed for the immediate past rate year."

12 5. Page 3, by inserting after line 27 the
13 following:

14 "Sec. ____ . 1986 CONTRIBUTIONS FOR CERTAIN ZERO-
15 RATED EMPLOYERS. If an employer was not required to
16 contribute to the unemployment compensation fund for
17 any prior rate year under section 96.7, subsection 3,
18 paragraph "d", unnumbered paragraph 6, but is required
19 to contribute for calendar year 1986 solely due to the
20 fact that the employer's percentage of excess is less
21 than seven and five-tenths percent, and if the
22 employer's contributions paid for the first two
23 calendar quarters of 1986 raise the employer's
24 percentage of excess to seven and five-tenths percent
25 or more, based on the employer's average annual
26 payroll computed as of July 1, 1986, the employer is
27 not required to contribute to the fund for the last
28 two calendar quarters of 1986."

29 6. By striking page 3, line 29 through page 4,
30 line 4.

31 7. Title page, line 1, by inserting after the
32 word "Act" the following: "relating to employer
33 charges for benefits involving the transfer of a
34 clearly segregable and identifiable part of a business
35 or enterprise,".

36 8. Title page, line 3, by inserting after the
37 word "law" the following: ", relating to contribution
38 rates and schedules for special zero-rated
39 employers,".

40 9. Title page, by striking lines 5 and 6, and
41 inserting the following: "certain expanding
42 employers."

43 10. By renumbering as necessary.

BY COMMITTEE ON LABOR
AND INDUSTRIAL RELATIONS

H-5567 FILED MARCH 27, 1986

Adopted 4/2 (p 1133)

SENATE FILE 2283

H-5622

1 Amend Senate File 2283 as follows:

2 1. Page 3, by inserting after line 27 the
3 following:

4 "Sec. ____ . Section 96.19, subsection 20, Code
5 1985, is amended to read as follows:

6 20. "TAXABLE WAGES". ~~For the purposes of section~~
7 ~~96.77, subsections 1 and 2 and for the period beginning~~
8 ~~January 1, 1972 and ending December 31, 1977, taxable~~
9 ~~wages shall not include that part of remuneration~~
10 ~~which, after remuneration equal to four thousand two~~
11 ~~hundred dollars has been paid in a calendar year to an~~
12 ~~individual by an employer or the employer's~~
13 ~~predecessor with respect to employment during any~~
14 ~~calendar year, is paid to such individual by such~~
15 ~~employer during such calendar year unless that part of~~
16 ~~the remuneration is subject to a tax under a federal~~
17 ~~law imposing a tax against which credit may be taken~~
18 ~~for contributions required to be paid into a state~~
19 ~~unemployment fund, except that for the calendar years~~
20 ~~1976 and 1977 the remuneration figure shall be six~~
21 ~~thousand dollars.~~

22 For the purposes of this subsection, the term
23 "employment" includes service constituting employment
24 under any unemployment compensation law of another
25 state provided such the other state will consider
26 service performed in Iowa in determining the
27 contribution base.

28 ~~For the calendar year beginning January 1, 1978,~~
29 ~~and each subsequent calendar year, taxable "Taxable~~
30 ~~wages" means wages upon which an employer shall be is~~
31 ~~required to contribute based upon remuneration which~~
32 ~~has been paid in a calendar year to an individual by~~
33 ~~an the employer or the employer's predecessor with~~
34 ~~respect to employment during any the calendar year~~
35 ~~shall be, and is equal to the greater of the~~
36 ~~following:~~

37 a. ~~Sixty-six and two-thirds percent of the~~
38 ~~statewide average annual wage paid to employees in~~
39 ~~insured work rounded to the next highest multiple of~~
40 ~~one hundred dollars based upon the calculation made~~
41 ~~during the previous calendar year used to determine~~
42 ~~the maximum weekly benefit amount, or Twelve thousand~~
43 ~~dollars.~~

44 b. That portion of remuneration subject to a tax
45 under a federal law imposing a tax against which
46 credit may be taken for contributions required to be
47 paid into a state unemployment fund.

48 However, ~~the amount of taxable wages otherwise~~
49 ~~determined under this subsection shall be increased by~~
50 ~~six hundred dollars for calendar year 1984, by eleven~~

1 hundred-dollars-for-calendar-year-1985-and-by-sixteen
2 hundred-dollars-for-calendar-year-1986-and-subsequent
3 calendar-years:

4 Sec. ____ . 1983 Iowa Acts, chapter 190, section 26,
5 is amended to read as follows:

6 SEC. 26. PROSPECTIVE REPEAL. Sections Section 8
7 and-24 of this Act are is prospectively repealed on
8 January 1 of the first calendar year after December
9 31, 1985 for which a contribution rate table other
10 than contribution rate table one is effective.
11 Section 8 is repealed for benefit claims effectively
12 filed for and after the first full week in that first
13 calendar year. Section-24-is-repealed-for-taxable
14 wages-for-that-first-calendar-year-and-subsequent
15 calendar-years-

16 2. By renumbering as necessary.

BY HALVORSON of Clayton

COREY of Louisa

H-5622 FILED APRIL 1, 1986

Ruled not germane 4/2 (p. 1138)

SENATE AMENDMENT TO HOUSE AMENDMENT TO SENATE FILE 2283
H-5829

1 Amend the House amendment, S-5593, to Senate File
2 2283 as passed by the Senate, as follows:

3 1. Page 2, by striking lines 12 through 28.

4 2. By renumbering as necessary.

H-5829 FILED APRIL 15, 1986

RECEIVED FROM THE SENATE

Senate concurred 4/17 (p. 1543)

SENATE FILE 2283

FISCAL NOTE

REQUESTED BY REPRESENTATIVE MCINTEE

In compliance with a written request received March 20, 1986, a fiscal note for SENATE FILE 2283 as passed by the Senate is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 2283 in section 1 allows an employer, who was formerly a special zero rated employer but who would currently be required to contribute to the unemployment compensation fund due to the employer's percentage of excess falling below 7.5 percent, to voluntarily contribute to the fund to raise the employer's percentage of excess to 7.5 percent or greater, and thereby retain the special zero contribution rate. It also eliminates the special 1.8 maximum contribution for the first year a employer's excess falls below 7.5%.

Section 2 allows expanding employers to receive a reduction the employer's average annual payroll due to an increase in employment if the employer:

- 1) is qualified for an experience rating and has a positive balance in the employer's account;
- 2) the employer's account was charged with benefits for the the four calendar quarters immediately preceding the computation date which were less than the difference of the taxable wages reported for the preceding calendar year minus the taxable wages reported for the year prior to the preceding year;
- 3) the employer's increase in employment equals the average mid-month employment for the calendar year preceding the computation date minus the prior four years average mid-month employment; and
- 4) the increase in taxable wages equals the taxable wages reported for the preceding calendar year minus the prior four years average taxable wages divided by the taxable wage base for the calendar year immediately preceding the computation date. In calculating the increase any portion attributed to an increase or decrease in taxable wages under section 96.18, subsection 20, or due to the fact that the employer is a successor employer shall be disregarded.

The reduction in average annual payroll equals 50% of any increase in the employer's current average annual payroll over the employer's annual payroll for the previous year. This reduction shall be continued for the next two consecutive years unless the employer is entitled to a greater reduction, in which case the greater reduction will apply for three years, unless a greater reduction is applicable.

The Act repeals section 96.7A, Code Supplement 1985, and establishes that sections 2 and 3 of the bill take effect upon publication retroactively to January 1, 1986.

ASSUMPTIONS:

1. If section 2 of the bill becomes effective retroactively to January 1, 1986, the department of job service estimates that 1,393 employers would be eligible for a rate reduction for the current calendar year.
2. Of those employers (2,297) who lost their special zero status for calendar year 1986, 1,235 had no benefit charges, and would therefore qualify to make a voluntary contribution under section 1. The remaining employers in this group would have a higher contribution rate than the current 1.8% special rate which the bill will eliminate.

Page Two, Fiscal Note, SF 2283

FISCAL EFFECT. It is estimated that the Act could result in a \$9.9 million decrease in contributions to the unemployment insurance trust fund in calendar year 1986 and a \$10 million increase in the fund in calendar year 1987 when compared to current law.

Source: Iowa Department of Job Service

(LSB 8336S 2, DPW)

FILED MARCH 20, 1986

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2458

FISCAL NOTE

REQUESTED BY REPRESENTATIVE CARL

in compliance with a written request received March 3, 1986, a fiscal note for HOUSE FILE 2458 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2458 makes additions to the victim and witness protection Act, including: requiring victim impact statements as part of the presentence investigation report, providing that persons assisting victims of crime are not civilly liable and qualify for reimbursement of losses, requiring notification to registered victims by the clerk of court, law enforcement agencies, department of corrections and the board of parole, establishing criminal penalties for persons who interfere with official proceedings or harass victims or witnesses, authorizing the issuance of temporary restraining orders and protective orders, and prohibiting retributive actions by employers against employees who serve as witnesses.

Fiscal Effect: Some of the information to be included in the victim impact statement is currently being collected. It is expected that there will be an increase in the work load of community based corrections field staff that will need to be funded in future years. The fiscal effect of the increased workload cannot be estimated at this time. The clerks of court, board of parole, department of corrections and law enforcement agencies will incur increased postage expenses due to notification of registered victims, the amount of which depend upon the number who register. These postage expenses are expected to be minimal.

Under current law individuals who are making a good faith effort to prevent a crime may be reimbursed from the victim compensation fund; the bill clarifies existing law and has no fiscal impact upon the fund.

Sources: Department of Corrections
Judicial Department
Department of Public Safety
Board of Parole

(LSB 8278H, JMN)

FILED MARCH 20, 1986

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 2283

AN ACT

RELATING TO EMPLOYER CHARGES FOR BENEFITS INVOLVING THE TRANSFER OF A CLEARLY SEGREGABLE AND IDENTIFIABLE PART OF A BUSINESS OR ENTERPRISE, RELATING TO VOLUNTARY CONTRIBUTIONS BY SPECIAL ZERO-RATED EMPLOYERS TO MEET THE APPLICABLE PERCENTAGE OF EXCESS REQUIREMENT OF THE UNEMPLOYMENT COMPENSATION CONTRIBUTION LAW, RELATING TO CONTRIBUTION RATES AND SCHEDULES FOR SPECIAL ZERO-RATED EMPLOYERS, AND ESTABLISHING A SPECIAL UNEMPLOYMENT COMPENSATION RATE FOR CERTAIN EXPANDING EMPLOYERS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 96.5, subsection 1, Code Supplement 1985, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. j. The individual is unemployed as a result of the individual's employer selling or otherwise transferring a clearly segregable and identifiable part of the employer's business or enterprise to another employer which does not make an offer of suitable work to the individual as provided under subsection 3; however, if the individual does accept, and works in and is paid wages for, suitable work with the acquiring employer, the acquiring employer immediately becomes chargeable for the benefits paid which are based on the wages paid by the transferring employer.

Sec. 2. Section 96.7, subsection 3, paragraph d, unnumbered paragraph 6, Code 1985, is amended to read as follows:

During any rate year an employer assigned a contribution rate under this lettered paragraph is not required to

contribute to the unemployment compensation trust fund if the employer's percentage of excess is seven point-five and five-tenths percent or greater for the rate year and the employer has not been charged with more than a total of one hundred dollars in benefit payments for any time within the twenty-four calendar quarters immediately preceding the rate computation date for the rate year. However, notwithstanding the voluntary contribution provisions of section 96.7, subsection 3, paragraph "a", subparagraph (?), if the employer's account has not been charged with more than a total of one hundred dollars in benefit payments during the twenty-four calendar quarters immediately preceding the computation date and the employer's percentage of excess is less than seven and five-tenths percent, the employer shall not be required to contribute to the unemployment compensation fund for the rate year if the employer makes a voluntary contribution which raises the employer's percentage of excess to seven and five-tenths percent or greater and which equals or exceeds the amount of any benefit charge, of no more than one hundred dollars within the preceding twenty-four calendar quarters, to the employer's account. If an employer is not required to contribute for a rate year to the trust fund under this unnumbered paragraph but would be required to contribute for the next rate year under this lettered paragraph, the employer's contribution rate for the next rate year is either the employer's experience rate computed under this lettered paragraph or one and eight-tenths percent, whichever is less. For subsequent years, either the employer is not required to contribute under this unnumbered paragraph or the employer's contribution rate is the employer's experience rate computed under this lettered paragraph. However, the employer's experience rate shall be limited for each of the next three consecutive rate years. For the first rate year, the employer's rate shall be limited to the rate in the percentage of excess rank which is no more than three percentage of

excess ranks higher numerically than the rank containing the one and eight-tenths percent rate or the next lower rate. For each of the next two rate years, the employer's rate shall be limited to the rate in the percentage of excess rank which is no more than three percentage of excess ranks higher numerically than the rank in which the employer was placed for the immediate past rate year.

Sec. 3. NEW SECTION. 96.7B EXPANDING EMPLOYMENT INCENTIVE.

1. An employer shall receive a reduction in the employer's average annual payroll due to an increase in employment if the employer meets all of the following requirements:

- a. The employer is qualified for an experience rating and has a positive balance in the employer's account.
- b. The employer's account was charged with benefits for the four calendar quarters immediately preceding the computation date in a dollar amount less than the difference of the taxable wages reported by the employer for the calendar year immediately preceding the computation date minus the taxable wages reported by the employer for the calendar year preceding the calendar year which immediately precedes the computation date.
- c. The employer's numerical increase in employment is equal to or greater than one under both subparagraphs (1) and (2).

(1) The employer's increase in employment, calculated by number of employees, equals the average mid-month employment reported by the employer for the calendar year immediately preceding the computation date minus the four-year average mid-month employment reported by the employer for the four calendar years preceding the calendar year which immediately precedes the computation date.

(2) The employer's increase in employment, calculated by amount of taxable wages, equals the taxable wages reported by the employer for the calendar year immediately preceding the

computation date minus the four-year average of the taxable wages reported by the employer for the four calendar years preceding the calendar year which immediately precedes the computation date, divided by the taxable wage base for the calendar year immediately preceding the computation date. However, in calculating the increase in the employer's average annual payroll any portion of that increase due to an increase or decrease in taxable wages under section 96.19, subsection 20, or due to the fact that the employer is a successor employer shall be disregarded.

2. The reduction in the current average annual payroll of an employer qualified under subsection 1 equals fifty percent of any increase in the employer's current average annual payroll over the employer's average annual payroll for the previous year. However, in calculating the increase in the employer's average annual payroll any portion of that increase due to an increase or decrease in taxable wages under section 96.19, subsection 20, or due to the fact that the employer is a successor employer, shall be disregarded. The employer's average annual payroll for the next two consecutive years shall each be reduced by the amount of the reduction in the employer's current average annual payroll, unless the employer is entitled to a greater reduction in the employer's average annual payroll as calculated under this section, in which case the greater reduction is applicable for three years unless a yet greater reduction is applicable.

3. The department shall use the employer's average annual payroll to compute the employer's percentage of excess, shall compute the employer's percentage of excess rank by ranking the employer's percentage of excess relative to all other employers' percentages of excess, shall recompute the employer's percentage of excess by using the employer's reduced average annual payroll, and shall assign to the employer the contribution rate in the rate table which corresponds to the employer's reduced percentage of excess

rank without adjusting the total taxable wages in each rank and without reranking employers in the rate table.

Sec. 4. Section 96.7A, Code Supplement 1985, is repealed.

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2283, Seventy-first General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved May 2, 1986

TERRY E. BRANSTAD
Governor

S.F. 2283