

Business

FILED MAR 09 1987

SENATE FILE 344
BY TAYLOR and NYSTROM

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to unemployment compensation benefits by
2 recomputing the weekly benefit amount, modifying the
3 attachment and reattachment eligibility requirements, changing
4 certain requirements for a disqualified individual to become
5 qualified for benefits, disqualifying certain seasonal
6 employees from benefits, making the waiting period permanent,
7 requiring employee contributions in certain instances,
8 reducing the amount of taxable wages, and providing penalties.

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

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SF 344

1 Section 1. Section 96.3, subsection 4, Code 1987, is
 2 amended to read as follows:

3 4. DETERMINATION OF BENEFITS WEEKLY BENEFIT AMOUNT. With
 4 respect-to-benefit-years-beginning-on-or-after-July-1, 1989,
 5 The division shall annually determine the statewide average
 6 weekly wage, which shall be effective the first day of the
 7 first full week in July. The division shall determine an
 8 eligible individual's weekly benefit amount ~~for a week of~~
 9 ~~total unemployment shall be~~ as an amount equal to the
 10 following ~~fractions~~ applicable fraction of the individual's
 11 total wages ~~in~~ for insured work paid during that quarter of
 12 the individual's base period in which such total wages were
 13 highest; ~~the commissioner shall determine annually a maximum~~
 14 ~~weekly benefit amount equal~~ subject to the following
 15 ~~percentages, to vary with the number of dependents, applicable~~
 16 percentage of the statewide average weekly wage paid to
 17 ~~employees in insured work which shall be effective the first~~
 18 ~~day of the first full week in July~~ in each of the following
 19 years:

20 If the number		The weekly benefit		Subject to the
21 of dependents		amount shall equal		following maximum
22 is:		the following frac-		percentage of the
23 <u>For the year:</u>		tion of high quarter		statewide average
24		wages:		weekly wage:
25 0	<u>1987</u>	$\frac{1}{25}$	<u>$\frac{1}{26}$</u>	53% <u>65%</u>
26 1	<u>1988</u>	$\frac{1}{22}$	<u>$\frac{1}{26}$</u>	55% <u>65%</u>
27 2	<u>1989</u>	$\frac{1}{21}$	<u>$\frac{1}{26}$</u>	57% <u>63%</u>
28 3	<u>1990</u>	$\frac{1}{20}$	<u>$\frac{1}{26}$</u>	60%
29 4-or	<u>1991</u>	$\frac{1}{19}$	<u>$\frac{1}{26}$</u>	65% <u>57%</u>
30 more	<u>1992 and subse-</u>		<u>$\frac{1}{26}$</u>	<u>55%</u>
31	<u>quent years</u>			

32 ~~the maximum~~ An individual's weekly benefit amount and all
 33 benefit amounts shall be rounded down to the next lower multiple of one
 34 dollar, shall be rounded to the lower multiple of one dollar.
 35 ~~however, such amount shall be rounded up to the next higher multiple of one~~

1 statewide-average-weekly-wage-exceeds-one-hundred-ninety
2 dollars, the maximum weekly benefit amounts shall be
3 determined using the statewide average weekly wage computed on
4 the basis of wages reported for calendar year 1981. As used
5 in this section "dependent" means dependent as defined in
6 section 422.12, subsection 1, paragraph "c", as if the
7 individual claimant was a taxpayer, except that an individual
8 claimant's nonworking spouse shall be deemed to be a dependent
9 under this section. "Nonworking spouse" means a spouse who
10 does not earn more than one hundred twenty dollars in gross
11 wages in one week.

12 The maximum weekly benefit amount, if not a multiple of one
13 dollar shall be rounded to the lower multiple of one dollar.
14 However, until such time as sixty-five percent of the
15 statewide average weekly wage exceeds one hundred ninety
16 dollars, the maximum weekly benefit amounts shall be
17 determined using the statewide average weekly wage computed on
18 the basis of wages reported for calendar year 1981. As used
19 in this section "dependent" means dependent as defined in
20 section 422.12, subsection 1, paragraph "c", as if the
21 individual claimant was a taxpayer, except that an individual
22 claimant's nonworking spouse shall be deemed to be a dependent
23 under this section. "Nonworking spouse" means a spouse who
24 does not earn more than one hundred twenty dollars in gross
25 wages in one week.

26 For the purposes of this subsection statewide average
27 weekly wage means the amount computed by the commissioner at
28 least once a year on the basis of the aggregate amount of
29 wages reported by employers in each preceding twelve-month
30 period ending on December 31 and divided by the figure that
31 results from fifty-two times the average of mid-month
32 employment reported by employers for the same period. In
33 determining the aggregate amount of wages paid statewide, the
34 commissioner shall disregard any limitation on the amount of
35 wages subject to contributions under state law.

1 Sec. 2. Section 96.4, subsection 4, Code 1987, is amended
2 to read as follows:

3 4. The individual has been paid wages for insured work
4 during the individual's base period in an amount at least one
5 and ~~one-quarter~~ one-half times the wages paid to the
6 individual during that quarter of the individual's base period
7 in which the individual's wages were highest; provided that
8 the individual has been paid wages for insured work totaling
9 in the highest calendar quarter of the individual's base
10 period, at least three and five-tenths percent of the
11 statewide average annual wage for insured work, computed for
12 the preceding calendar year if the individual's benefit year
13 begins on or after the first full week in July and computed
14 for the second preceding calendar year if the individual's
15 benefit year begins before the first full week in July, in
16 that-calendar-quarter-in-the-individual's-base-period-in-which
17 the-individual's-wages-were-highest and in each of two other
18 quarters of the individual's base period has been paid for
19 insured work at least one and three-quarters percent in one
20 quarter, and one percent in another quarter, of the statewide
21 average annual wage for insured work, and the individual has
22 been paid wages for insured work totaling at least one-half of
23 the amount of wages required under this subsection in the
24 calendar quarter of the base period in which the individual's
25 wages were highest, in a two calendar quarter quarters in the
26 individual's base period other than the calendar quarter in
27 which the individual's wages were highest. The calendar
28 quarter wage requirements shall be rounded to the nearest
29 multiple of ten dollars.

30 If the individual has drawn benefits in any benefit year,
31 the individual must during or subsequent to that year, work in
32 and be paid wages for insured work ~~totaling-at-least-two~~
33 hundred-fifty-dollars in six consecutive weeks, as a condition
34 to receive receiving benefits in the next benefit year.

35 Sec. 3. Section 96.5, subsection 1, paragraph g, Code

1 1987, is amended to read as follows:

2 g. The individual left work voluntarily without good cause
3 attributable to the employer under circumstances which did or
4 would disqualify the individual for benefits, except as
5 provided in paragraph "a" of this subsection but, subsequent
6 to the leaving, the individual worked in and was paid wages
7 for insured work ~~equal-to-ten-times-the-individual's-weekly~~
8 benefit-amount in six consecutive weeks, provided the
9 individual is otherwise eligible.

10 Sec. 4. Section 96.5, subsection 2, paragraph a, Code
11 1987, is amended to read as follows:

12 a. The individual shall be disqualified for benefits until
13 the individual has worked in and has been paid wages for
14 insured work ~~equal-to-ten-times-the-individual's-weekly~~
15 benefit-amount in six consecutive weeks, provided the
16 individual is otherwise eligible.

17 Sec. 5. Section 96.5, subsection 3, unnumbered paragraph
18 1, Code 1987, is amended to read as follows:

19 If the division of job service finds that an individual has
20 failed, without good cause, either to apply for available,
21 suitable work when directed by the employment office or the
22 division or to accept suitable work when offered that
23 individual, or to return to customary self-employment, if any.
24 The division in co-operation with the employment office shall,
25 if possible, furnish the individual with the names of
26 employers which are seeking employees. The individual shall
27 apply to and obtain the signatures of the employers designated
28 by the division on forms provided by the division, unless the
29 employers refuse to sign the forms. The individual's failure
30 to obtain the signatures of designated employers, which have
31 not refused to sign the forms, shall disqualify the individual
32 from further benefits until requalified. To requalify for
33 benefits after disqualification under this subsection, the
34 individual shall work in and be paid wages for insured work
35 ~~equal-to-ten-times-the-individual's-weekly-benefit-amount~~ in

1 six consecutive weeks, provided the individual is otherwise
2 eligible.

3 Sec. 5. Section 96.5, Code 1987, is amended by adding the
4 following new subsection:

5 NEW SUBSECTION. 4A. SEASONAL EMPLOYMENT. If the in-
6 dividual's base period wages equal or exceed one hundred fifty
7 percent of the statewide average annual wage and are more than
8 seventy-five percent attributable to one or more seasonal
9 employers, for any week of unemployment which does not fall
10 within the operating season of the seasonal employer or
11 employers. As used in this subsection, "seasonal employer"
12 means an employer in an industry whose employees historically
13 and customarily claim forty percent or more of the employees'
14 total annual weeks of benefits in a period of twelve or more
15 consecutive weeks during a regularly recurring period of each
16 year because of the seasonal nature of the industry and the
17 high degree of impracticability or impossibility of continuing
18 the operations of the industry throughout the entire year, and
19 "operating season" means the portion of the year excluding the
20 annual, regularly recurring period of twelve or more
21 consecutive weeks in which an industry's employees
22 historically and customarily claim forty percent or more of
23 the employees' total annual weeks of benefits.

24 Sec. 7. Section 96.7, Code 1987, is amended by adding the
25 following new subsection:

26 NEW SUBSECTION. 2A. EMPLOYEE CONTRIBUTIONS.
27 a. During a rate year in which a rate table in rate tables
28 three through nine is effective, an employee of an employer
29 assigned a contribution rate under section 96.7, subsection 3,
30 paragraph "d" is not required to make contributions.
31 b. During a rate year in which rate table one or two is
32 effective, an employee of an employer assigned a contribution
33 rate under section 96.7, subsection 3, paragraph "d" is
34 required to contribute to the fund one-half of the
35 contribution percentage assigned to the employee's employer on

1 all the employee's taxable wages, as defined by section 96.19,
2 subsection 20. An employer subject to this subsection shall
3 withhold, in trust, such contributions from the wages of the
4 employer's employees at the time the wages are paid, and
5 report and transmit the withheld contributions to the
6 department for deposit into the fund, in accordance with rules
7 and procedures established by the division. The employer
8 shall show the deduction on the employer's payroll records and
9 furnish evidence of the amount of the deduction to the
10 employee upon request.

11 c. An employer and an officer or agent of an employer who
12 violates the trust provisions of this section, fails to
13 withhold or hold in trust, or fails to transmit to the divi-
14 sion all contributions withheld from wages of the employer's
15 employees is liable for the contributions, and subject to the
16 penalties in section 96.14, subsection 2, and subject to the
17 penalties in section 96.16, subsection 3.

18 d. Contributions by employees payable to the fund as
19 provided in this chapter are exempt from garnishment, at-
20 tachment, execution, or any other remedy for the collection of
21 debts.

22 Sec. 8. Section 96.19, subsection 20, Code 1987, is
23 amended to read as follows:

24 20. "TAXABLE WAGES". ~~For the purposes of section 96.7,~~
25 ~~subsections 1 and 2 and for the period beginning January 1,~~
26 ~~1972 and ending December 31, 1977, taxable wages shall not~~
27 ~~include that part of remuneration which, after remuneration~~
28 ~~equal to four thousand two hundred dollars has been paid in a~~
29 ~~calendar year to an individual by an employer or the~~
30 ~~employer's predecessor with respect to employment during any~~
31 ~~calendar year, is paid to such individual by such employer~~
32 ~~during such calendar year unless that part of the remuneration~~
33 ~~is subject to a tax under a federal law imposing a tax against~~
34 ~~which credit may be taken for contributions required to be~~
35 ~~paid into a state unemployment fund, except that for the~~

1 calendar-years-1976-and-1977-the-remuneration-figure-shall-be
2 six-thousand-dollars.

3 For the purposes of this subsection, the term "employment"
4 includes service constituting employment under any
5 unemployment compensation law of another state provided such
6 ~~the other state will consider~~ considers service performed in
7 Iowa in determining the contribution base.

8 For the calendar year beginning January 1, 1978 1988, and
9 each subsequent calendar year, taxable wages upon which an
10 employer shall be required to contribute based upon
11 remuneration which has been paid in a calendar year to an
12 individual by an employer or the employer's predecessor with
13 respect to employment during ~~any~~ the calendar year shall be
14 equal to the greater of the following:

15 a. ~~Sixty-six-and-two-thirds-percent~~ For the following
16 calendar years the following percentage of the statewide
17 average annual wage paid to employees in insured work rounded
18 to the next highest multiple of one hundred dollars based upon
19 the calculation made during the previous calendar year used to
20 determine the maximum weekly benefit amount; ~~or~~:

<u>For calendar year:</u>	<u>Percentage of statewide average annual wage:</u>
23 <u>1988</u>	<u>66 2/3%</u>
24 <u>1989</u>	<u>63%</u>
25 <u>1990</u>	<u>60%</u>
26 <u>1991</u>	<u>57%</u>
27 <u>1992 and subsequent</u>	<u>55%</u>
28 <u>calendar years</u>	

29 b. That portion of remuneration subject to a tax under a
30 federal law imposing a tax against which credit may be taken
31 for contributions required to be paid into a state
32 unemployment fund.

33 ~~However-the-amount-of-taxable-wages-otherwise-determined~~
34 ~~in-this-subsection-shall-be-increased-by-six-hundred~~
35 ~~dollars-for-calendar-year-1987-by-eleven-hundred-dollars-for~~

1 calendar-year-1985, and by sixteen hundred dollars for
2 calendar-year-1986 and subsequent calendar years.

3 Sec. 9. 1983 Iowa Acts, chapter 190, section 26, is
4 repealed.

5 Sec. 10. Sections 1 through 6 of this Act take effect for
6 benefit claims filed on or after July 1, 1987.

7 EXPLANATION

8 Section 1 of this bill eliminates the adjustment of benefit
9 level determined by the number of dependents and establishes
10 an incremental scale which will reduce the maximum percentage
11 of the statewide average weekly wage under which benefits are
12 limited. This scale will be applicable to all eligible
13 individuals regardless of the number of dependents.

14 Section 2 amends the attachment-to-the-work-force re-
15 quirement by requiring a specific amount of wages in three of
16 the calendar quarters of the base year. This section also
17 deletes the \$250 reattachment-to-the-work-force requirement
18 and substitutes a requirement of work and wages for six
19 consecutive weeks.

20 Sections 3, 4, and 5 modify the requirements for an
21 individual requalifying for benefits by requiring that the in-
22 dividual must be paid wages for insured work in six
23 consecutive weeks. Currently an individual, once disqualified
24 from receiving benefits, must be paid wages for insured work
25 equal to ten times the individual's weekly benefit amount.

26 Section 6 disqualifies employees in seasonal industries
27 from receiving benefits outside their employer's normal
28 operating season. Seasonal employers and operating season are
29 defined.

30 Section 7 requires an employee contribution on the em-
31 ployee's taxable wages of one-half of the percentage of the
32 employer contribution when tax tables one or two are in ef-
33 fect. Penalties are also provided for failure of an employer
34 to withhold and transmit the employee deductions.

35 Section 8 lowers the unemployment compensation taxable wage

1 base by establishing an incremental scale for determining an
2 employer's contribution.

3 Section 9 makes the one-week waiting period requirement
4 permanent.

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STATE OF IOWA

FISCAL NOTE
SENATE FILE 344

LSB No. 2412S
Staff ID. DPW

BY SENATOR TAYLOR

In compliance with a written request received March 5, 1987, a fiscal note for **SENATE FILE 344** 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 344, in Section 1, eliminates the adjustment of benefit level determined by the number of dependents and establishes an incremental scale which will reduce the maximum percentage of the statewide average weekly wage under which benefits are limited. This scale will be applicable to all eligible individuals regardless of the number of dependents.

Section 2 amends the attachment-to-the-work-force requirement by requiring a specific amount of wages in three of the calendar quarters of the base year. This section also deletes the \$250 reattachment-to-the-work-force requirement and substitutes a requirement of work and wages for six consecutive weeks.

Sections 3, 4 and 5 modify the requirements for an individual requalifying for benefits by requiring that the individual must be paid wages for insured work in six consecutive weeks. Currently an individual, once disqualified from receiving benefits, must be paid wages for insured work equal to ten times the individual's weekly benefit amount.

Section 6 disqualifies employees in seasonal industries from receiving benefits outside their employer's normal operating season. Seasonal employers and operating season are defined.

Section 7 requires an employee contribution on the employee's taxable wages of one-half of the percentage of employer contribution when tax tables one or two are in effect. Penalties are also provided for failure of an employer to withhold and transmit the employee deduction.

Section 8 lowers the unemployment compensation taxable wage base by establishing an incremental scale for determining an employer's contribution.

Section 9 makes the one-week waiting period requirement permanent.

ASSUMPTIONS: The analysis of this bill is based on a mid-range projection. The following assumptions are incorporated in the analysis.

1. Covered employment is expected to grow an average of 0.3 percent per year during 1987-1992.
2. The average weekly wage is expected to grow an average of 3.0 percent per year.
3. The interest rate on the trust fund balance is expected to average 9.0 percent per year.
4. The insured unemployment rate is expected to average 3.0 percent per year.
5. No recession will occur during this period.

April 7, 1987

STATE OF IOWA
FISCAL NOTELSB No. 2412SStaff ID. DPW

FN pg. 2

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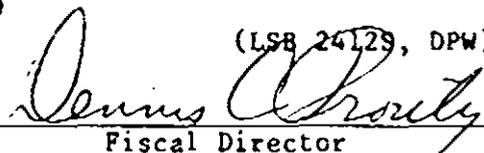
FISCAL EFFECT: The cumulative effect of this bill would be to result in a continued growth in the balance of the unemployment compensation trust fund over the years under analysis.

Trust Fund Balance

<u>YEAR</u>	<u>Current Law</u> (million)	<u>Proposed</u> (million)	<u>Change</u> (million)
1986	\$142.5	\$142.5	\$ 0
1987	191.6	203.4	11.7
1988	243.4	388.2	144.8
1989	252.0	547.4	295.3
1990	261.0	564.4	303.3
1991	270.4	582.1	311.7
1992	280.2	599.6	319.4

(Source: Iowa Department Of Employment Services)

(LSB 2412S, DPW)



Fiscal Director

Legislative Fiscal Bureau

Date:

4/3/87

Filed by the Sec. of the Senate April 6, 1987