

*Substitute for  
HF 188  
4-6-95  
(P. 1364)*

FILED FEB 15 1995

SENATE FILE 155  
BY COMMITTEE ON BUSINESS AND  
LABOR RELATIONS

(SUCCESSOR TO SSB 90)

Passed Senate, Date (P. 398) 2/20/95 Passed House, Date (P. 1405) 4-11-95  
Vote: Ayes 48 Nays 0 Vote: Ayes 95 Nays 0  
Approved April 27, 1995

A BILL FOR

1 An Act relating to employment services by eliminating wage credit  
2 liability transfers and allowing all employers relief from  
3 charges when an unemployment compensation overpayment is made  
4 and providing an applicability date.

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

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S.F. 155

1 Section 1. Section 96.3, subsection 7, unnumbered  
2 paragraph 2, Code 1995, is amended to read as follows:

3 If the division determines that an overpayment has been  
4 made, the charge for the overpayment against the employer's  
5 account shall be removed and the account shall be credited  
6 with an amount equal to the overpayment from the unemployment  
7 compensation trust fund and this credit shall include both  
8 contributory and reimbursable employers, notwithstanding  
9 section 96.8, subsection 5.

10 Sec. 2. Section 96.5, subsection 1, paragraph a, Code  
11 1995, is amended to read as follows:

12 a. The individual left employment in good faith for the  
13 sole purpose of accepting other or better employment, which  
14 the individual did accept, ~~and that the individual remained~~  
15 ~~continuously in said new employment for not less than six~~  
16 ~~weeks and the individual performed services in the new~~  
17 ~~employment. Wages earned with the employer that the~~  
18 ~~individual has left shall, for the purpose of computing and~~  
19 ~~charging benefits, be deemed wages earned from the employer~~  
20 ~~with whom the individual accepted other employment and~~  
21 ~~benefits shall be charged to the employer with whom the~~  
22 ~~individual accepted other employment. The division shall~~  
23 ~~advise the chargeable employer of the name and address of the~~  
24 ~~former employer, the period covered, and the extent of~~  
25 ~~benefits which may be charged to the account of the chargeable~~  
26 ~~employer. In those cases where the new employment is in~~  
27 ~~another state, no employer's account shall be charged with~~  
28 ~~benefits so paid except that employers who are required by law~~  
29 ~~or by their election to reimburse the fund for benefits paid~~  
30 ~~shall be charged with benefits under this paragraph. In those~~  
31 ~~cases where the individual left employment in good faith for~~  
32 ~~the sole purpose of accepting better employment, which the~~  
33 ~~individual did accept and such employment is terminated by the~~  
34 ~~employer, or the individual is laid off after one week but~~  
35 ~~prior to the expiration of six weeks, the individual, provided~~

1 ~~the individual is otherwise eligible under this chapter, shall~~  
2 ~~be eligible for benefits and such benefits shall not be~~  
3 ~~charged to any employer's account.~~ Benefits relating to wage  
4 credits earned with the employer that the individual has left  
5 shall be charged to the unemployment compensation fund. This  
6 paragraph applies to both contributory and reimbursable  
7 employers, notwithstanding section 96.8, subsection 5.

8 Sec. 3. Section 96.6, subsection 2, Code 1995, is amended  
9 to read as follows:

10 2. INITIAL DETERMINATION. A representative designated by  
11 the commissioner shall promptly notify all interested parties  
12 to the claim of its filing, and the parties have ten days from  
13 the date of mailing the notice of the filing of the claim by  
14 ordinary mail to the last known address to protest payment of  
15 benefits to the claimant. The representative shall promptly  
16 examine the claim and any protest, take the initiative to  
17 ascertain relevant information concerning the claim, and, on  
18 the basis of the facts found by the representative, shall  
19 determine whether or not the claim is valid, the week with  
20 respect to which benefits shall commence, the weekly benefit  
21 amount payable and its maximum duration, and whether any  
22 disqualification shall be imposed. The claimant has the  
23 burden of proving that the claimant meets the basic  
24 eligibility conditions of section 96.4. The employer has the  
25 burden of proving that the claimant is disqualified for  
26 benefits pursuant to section 96.5. However, the claimant has  
27 the initial burden to produce evidence showing that the  
28 claimant is not disqualified for benefits in cases involving  
29 section 96.5, subsection 1, paragraphs "a" through "h", and  
30 subsection 10. Unless the claimant or other interested party,  
31 after notification or within ten calendar days after  
32 notification was mailed to the claimant's last known address,  
33 files an appeal from the decision, the decision is final and  
34 benefits shall be paid or denied in accordance with it the  
35 decision. If an administrative law judge affirms a decision

1 of the representative, or the appeal board affirms a decision  
2 of the administrative law judge allowing benefits, the  
3 benefits shall be paid regardless of any appeal which is  
4 thereafter taken, but if the decision is finally reversed, no  
5 employer's account shall be charged with benefits so paid and  
6 this relief from charges shall apply to both contributory and  
7 reimbursable employers, notwithstanding section 96.8,  
8 subsection 5.

9 Sec. 4. Section 96.7, subsection 2, paragraph a,  
10 subparagraph (2), unnumbered paragraph 3, Code 1995, is  
11 amended to read as follows:

12 An employer's account shall not be charged with benefits  
13 paid to an individual who left the work of the employer  
14 voluntarily without good cause attributable to the employer or  
15 to an individual who was discharged for misconduct in  
16 connection with the individual's employment, or to an  
17 individual who failed without good cause, either to apply for  
18 available, suitable work or to accept suitable work with that  
19 employer, but shall be charged to the account-of-the-next  
20 succeeding-employer-with-whom-the-individual-qualified-for  
21 benefits-as-determined-respectively-under-section-96.5,  
22 subsection-17-paragraph-"g"-and-section-96.57-subsection-2,  
23 paragraph-"a" unemployment compensation fund. However, the  
24 succeeding-employer's-account-shall-first-be-charged-with  
25 benefits-paid-to-the-individual-due-to-wage-credits-earned-by  
26 the-individual-while-employed-by-the-succeeding-employer.  
27 After-exhausting-those-wage-credits, the-succeeding-employer's  
28 account-shall-not-be-charged-with-ten-weeks-of-benefits-paid  
29 to-the-individual-due-to-wage-credits-earned-by-the-individual  
30 from-a-previous-employer, but-rather-the-unemployment  
31 compensation-fund-shall-be-charged.--After-exhausting-the-ten  
32 weeks-of-noncharging, the-succeeding-employer's-account-shall  
33 again-be-charged-with-the-benefits-paid. This paragraph  
34 applies to both contributory and reimbursable employers,  
35 notwithstanding section 96.8, subsection 5.



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Freeman

SSB - 90

Business & Labor  
Succeeded By  
LSB

SENATE/HOUSE SF/HE 155

BY (PROPOSED DEPARTMENT OF  
EMPLOYMENT SERVICES BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

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Succeeded By

SE 11/32

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22 subsection-17-paragraph-"g"-and-section-96-57-subsection-27  
23 paragraph-"a" unemployment compensation fund. However, the  
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26 the-individual-while-employed-by-the-succeeding-employer.  
27 After-exhausting-those-wage-credits, the succeeding-employer's  
28 account-shall-not-be-charged-with-ten-weeks-of-benefits-paid  
29 to-the-individual-due-to-wage-credits-earned-by-the-individual  
30 from-a-previous-employer, but rather the unemployment  
31 compensation fund shall be charged. After exhausting the ten  
32 weeks-of-noncharging, the succeeding-employer's-account-shall  
33 again-be-charged-with-the-benefits-paid. This paragraph  
34 applies to both contributory and reimbursable employers,  
35 notwithstanding section 96.8, subsection 5.

1 Sec. 5. Section 96.7, subsection 2, paragraph a,  
2 subparagraph (2), unnumbered paragraph 4, Code 1995, is  
3 amended by striking the unnumbered paragraph.

4 Sec. 6. APPLICABILITY DATE. This Act applies to all  
5 decisions concerning claims for benefits issued on or after  
6 July 2, 1995.

7 EXPLANATION

8 Section 1 allows both contributory and reimbursable  
9 employers to a credit on the appropriate employer's account  
10 when unemployment compensation benefit overpayments are made.

11 Section 2 allows benefits for wage credits to be  
12 transferred to the unemployment compensation fund in cases  
13 where an individual quit employment for another or better job  
14 and actually worked for the new employer.

15 Section 3 allows both contributory and reimbursable  
16 employers to a relief from charges when unemployment  
17 compensation benefit overpayments are made.

18 Section 4 requires the unemployment compensation fund,  
19 rather than a specific employer's account, to be charged for  
20 benefits when a person quits a job voluntarily without good  
21 cause attributable to the employer, refuses suitable work, or  
22 when a person was discharged for misconduct.

23 Section 5 deletes language related to which employer's  
24 account will be charged for benefits paid.

25 Section 6 provides that this Act applies to all decisions  
26 concerning claims for benefits made on or after July 2, 1995.

27 BACKGROUND STATEMENT

28 SUBMITTED BY THE AGENCY

29 This bill eliminates the wage credit liability transfer  
30 provisions of the unemployment compensation law. Currently,  
31 when an employer hires a worker who quits another job, the  
32 employer inherits the wage credits the worker earned at the  
33 employee's previous job. Then if a person files an unemploy-  
34 ment compensation claim, the employer is charged for the  
35 benefits earned with the previous employer. This bill changes

1 that situation so an employer is charged only for the benefits  
2 earned in their employ.

3 This proposal simplifies the unemployment insurance tax law  
4 and eliminates inequities in benefit charges to employer  
5 accounts. It reduces employer time and cost in dealing with  
6 unemployment insurance taxes and fact-finding interviews and  
7 enables employers to accurately project unemployment insurance  
8 costs.

9 There will be no impact on people who file claims for unem-  
10 ployment compensation, no direct cost to the unemployment  
11 compensation fund, and no effect on the unemployment insurance  
12 tax tables. Approximately \$6.5 million will be charged to the  
13 unemployment compensation fund rather than specific employer  
14 accounts. Reimbursable employers, as a group, will pay  
15 \$210,000 less.

16 The transfer provisions were instituted in the 1970s to en-  
17 sure the burden of unemployment insurance taxes were charged  
18 to the employer who caused the layoff or loss of employment.  
19 Elimination of the transfer provisions will only reduce the  
20 experience rating by 4 percent. Only two states currently  
21 have transfer provisions--Iowa and Michigan.

22 Sections 1 and 3 clarify the Code language in view of  
23 several district court cases. Previously reimbursable  
24 employers could not receive credit or relief from charges  
25 until the overpayments were recovered. This will ensure  
26 overpayments which are charged to reimbursable employers are  
27 credited before the funds are recovered so they are treated  
28 like all other employers.

29 Section 6 establishes an applicability date of July 2,  
30 1995, for decisions issued on or after that date in order to  
31 prevent double crediting of outstanding overpayments to  
32 reimbursable employer accounts. This also ensures that  
33 overpayments created on or after July 2, 1995, will not be  
34 charged and the employers will not be forced to pay the amount  
35 of the overpayment on or after that date.