

#-3/9/98 Labor + Ind. Rel
H-3/23/98 Do Pass

FILED FEB 4 1998

SENATE FILE 2112
BY COMMITTEE ON BUSINESS
AND LABOR

(SUCCESSOR TO SSB 2004)

Passed Senate, Date ^(P.695) 3-12-98 Passed House, Date ^(P.920) 3/25/98
Vote: Ayes 32 Nays 9 Vote: Ayes 99 Nays 1
Approved April 6, 1998

A BILL FOR

1 An Act concerning the sunset provision relating to the employment
2 security administrative contribution surcharge and providing
3 an effective date.

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

- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22

SF. 2112

1 Section 1. Section 96.7, subsection 12, paragraph d, Code
2 1997, is amended to read as follows:

3 d. This subsection is repealed July 1, ~~1998~~ 2001, and the
4 repeal is applicable to contribution rates for calendar year
5 ~~1999~~ 2002 and subsequent calendar years.

6 Sec. 2. EFFECTIVE DATE. This Act takes effect June 30,
7 1998.

8 EXPLANATION

9 This bill amends the provision which would have repealed
10 the employment security administrative contribution surcharge
11 and its fund effective July 1, 1998, to provide for its repeal
12 on July 1, 2001. The administrative contribution surcharge is
13 imposed on employers, other than governmental entities and
14 nonprofit organizations, subject to the unemployment
15 compensation chapter and moneys collected are used by the
16 department of workforce development for costs associated with
17 certain rural and satellite departmental offices or for the
18 department-approved training fund.

19 The bill takes effect June 30, 1998, in order to take
20 effect before the scheduled repeal of Code section 96.7(12)(d)
21 on July 1, 1998.

22
23
24
25
26
27
28
29
30
31
32
33
34
35

SENATE FILE 2112
FISCAL NOTE

A fiscal note for Senate File 2112 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 2112 delays the sunset of the State Unemployment Administrative Surcharge for three years. Current Code of Iowa language sunsets the Surcharge at the end of calendar year 1998. Senate File 2112 would sunset the Surcharge at the end of calendar year 2001.

BACKGROUND AND ASSUMPTIONS

The Administrative Surcharge is paid by employers and is currently 0.05% of taxable wages subject to the Surcharge. The rate is applied to each employee's (excluding political subdivisions and non-profit employers) taxable wage. The taxable wage in FY 1999 is projected to be \$16,300, and the total of all taxable wages subject to the Administrative Surcharge is projected to be \$14.7 billion during that year. The taxable wage subject to the Surcharge is projected to increase \$600 in calendar year 2000, and an additional \$500 in calendar year 2001. The Surcharge is projected to remain at 0.05%.

Revenue raised by the Administrative Surcharge is deposited to a dedicated Department of Workforce Development fund. The money can only be used for personnel and non-personnel costs of rural and satellite departmental offices in population centers less than 20,000 persons or for the Department-Approved Training Fund created in Section 8, 1988 Iowa Acts.

FISCAL IMPACT

Senate File 2112 would raise \$23.3 million between January 1, 1999, and December 31, 2001. By fiscal year, the impact would be:

FY 1999 - \$3.0 million
FY 2000 - \$7.5 million
FY 2001 - \$7.9 million
FY 2002 - \$4.9 million

SOURCE

Department of Workforce Development

(LSB 3256SV, JWR)

FILED FEBRUARY 12, 1998

BY DENNIS PROUTY, FISCAL DIRECTOR

Bahn, Chair
Zieman
Gettings

SS B 2004

Business & Labor
Supported By

SENATE/HOUSE FILE SF/HF 2112
BY (PROPOSED DEPARTMENT OF
WORKFORCE DEVELOPMENT BILL)

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

A BILL FOR

1 An Act striking the sunset provision relating to the employment
2 security administrative contribution surcharge.

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

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24

1 Section 1. Section 96.7, subsection 12, paragraph d, Code
2 1997, is amended by striking the paragraph.

3 EXPLANATION

4 This bill strikes the provision which would have repealed
5 the employment security administrative contribution surcharge
6 and its fund effective July 1, 1998. The administrative
7 contribution surcharge is imposed on nongovernmental employers
8 subject to the unemployment compensation chapter and moneys
9 collected are used by the department of workforce development
10 for costs associated with certain rural and satellite
11 departmental offices or for the department-approved training
12 fund.

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

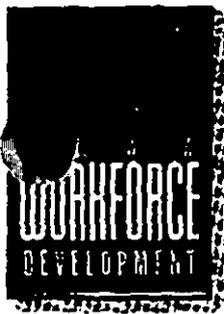
33

34

35

SSB2004

January 10, 1998



Terry E. Branstad
Governor

Cynthia P. Eisenhauer
Director

TO: Iowa General Assembly
State Capitol

FROM: Pat Sampson, Legislative Liaison *Pat*
Iowa Workforce Development

SUBJECT: Background Statement on LSB3256

This act repeals the sunset on the state administrative contribution surcharge, which provides funds to administer the employment security programs in workforce development local offices. The surcharge was established in 1987 to replace reduced federal funding. Federal funding for the department has remained static since the late 1980's despite the increased demand for services and increased salary costs. Congress is not expected to appropriate adequate administrative funds even though the funds are available in the federal administrative accounts. The surcharge generated \$6.5 million in FY 1997.

Work

With

Us.

1000 East Grand Avenue

Des Moines, IA 50319-0209

5-281-5387

200-JGB-27NA



Sec. 2. EFFECTIVE DATE. This Act takes effect June 30, 1998.

MARY E. KRAMER
President of the Senate

RON J. CORBETT
Speaker of the House

SENATE FILE 2112

AN ACT
CONCERNING THE SUNSET PROVISION RELATING TO THE EMPLOY-
MENT SECURITY ADMINISTRATIVE CONTRIBUTION SURCHARGE
AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 96.7, subsection 12, paragraph d, Code 1997, is amended to read as follows:

d. This subsection is repealed July 1, 1998 2001, and the repeal is applicable to contribution rates for calendar year 1999 2002 and subsequent calendar years.

I hereby certify that this bill originated in the Senate and is known as Senate File 2112, Seventy-seventh General Assembly.

MARY PAT GUNDERSON
Secretary of the Senate

Approved April 6, 1998

TERRY E. BRANSTAD
Governor