

April 14, 1969
Place on Calendar

HOUSE FILE 788

State Government - Pass or amended 1-15, adopted 1-23, Pass 2-17
By COMMITTEE ON
STATE GOVERNMENT

Passed House, Date *1-20-70* Passed Senate, Date *3-17-70*

Vote: Ayes *112* Nays *0* Vote: Ayes *39* Nays *11*

Approved *March 26, 1970*

*Passed House or amended by Senate
3/23/70*

Ayes 99, Nays 0 **A BILL FOR**

- 1 An Act to establish a special employment security contingency
- 2 fund consisting of interest and penalties collected on
- 3 delinquent employment security contributions and reports.
- 4 *Be It Enacted by the General Assembly of the State of Iowa:*
- 5 Section 1. Section ninety-six point thirteen (96.13), Code
- 6 1966, is hereby amended by adding thereto the following new
- 7 subsection:
- 8 "3. Special employment security contingency fund. There
- 9 is hereby created in the state treasury a special fund to be
- 10 known as the special employment security contingency fund.
- 11 All interest, fines, and penalties, regardless of when the
- 12 same become payable, collected from employers under the provi-
- 13 sions of section ninety-six point fourteen (96.14) of the Code
- 14 subsequent to July 1, 1969, shall be paid into this fund.
- 15 Said moneys shall not be expended or available for expenditure
- 16 in any manner which would permit their substitution for fed-
- 17 eral funds which would in the absence of said moneys be avail-
- 18 able to finance expenditures for the administration of the
- 19 employment security law. Nothing in this section shall prevent
- 20 said moneys from being used as a revolving fund to cover expen-
- 21 ditures for which federal funds have been duly requested but
- 22 not yet received, subject to the charging of such expenditures
- 23 against such funds when received. Said fund may be used for
- 24 the payment of costs of administration which are found not to
- 25 have been properly and validly chargeable against federal

1 grants or other funds, received for or in the employment secur-
2 ity administration fund. The moneys in this fund are hereby
3 specifically made available to replace, within a reasonable
4 time, any moneys received by this state in the form of grants
5 from the federal government for administrative expenses which
6 because of any action or contingency have been expended for
7 purposes other than, or in excess of, those necessary for the
8 proper administration of the employment security law. The
9 moneys in said fund may be used for any purpose which the com-
10 mission finds is related to the objectives of the state employ-
11 ment security program and for which federal grants or other
12 funds are not available. All moneys in the special employment
13 security contingency fund shall be deposited, administered, and
14 disbursed in the same manner and under the same conditions and
15 requirements as are provided by law for other special funds in
16 the state treasury.

17 The treasurer of state shall be the custodian of said funds
18 and shall give a separate and additional bond conditioned upon
19 the faithful performance of his duties in connection with the
20 special employment security contingency fund in an amount and
21 with such sureties as shall be fixed and approved by the
22 governor. The premiums for such bonds shall be paid from the
23 moneys in the special employment security contingency fund.
24 All sums recovered on such bond for losses sustained by the
25 special employment security contingency fund shall be deposited
26 in the fund. Refunds of interest and penalties collected on
27 or after July 1, 1969, pursuant to this chapter shall be paid
28 only from this fund.

29 Balances to the credit of the special employment security
30 contingency fund shall not lapse at any time but shall con-
31 tinuously be available to the commission for expenditures con-
32 sistent herewith. However, if on July first of any year the
33 balance in the special employment security contingency fund
34 exceeds fifty thousand dollars by ten thousand dollars or more,
35 the treasurer of state shall promptly transfer the entire

1 amount over fifty thousand dollars to the unemployment compen-
2 sation fund established in section ninety-six point nine (96.9)
3 of the Code, unless the commission determines that such trans-
4 fer should not be made because of immediate obligations to be
5 met from the fund.”

6 Sec. 2. Section ninety-six point nine (96.9), Code 1966,
7 is hereby amended as follows:

8 1. By striking from subsection one (1), paragraph a, lines
9 two (2) and three (3) the words “together with any interest
10 thereon collected pursuant to section 96.14,”.

11 2. By striking all of subsection one (1), paragraph b.

12 3. By striking from subsection two (2), paragraph c, line
13 two (2), the word “fund” and inserting in lieu thereof the
14 words “unemployment compensation fund and all interest and
15 penalties on delinquent contributions and reports”.

16 4. By inserting in subsection two (2), paragraph c, line
17 five (5), after the word “account” the words “, but the inter-
18 est and penalties on delinquent contributions and reports
19 shall not be deemed to be a part of the fund”.

20 5. By inserting in subsection two (2), paragraph c, line
21 five (5), after the word “Refunds” the words “of contributions”.

22 6. By inserting in subsection two (2), paragraph c, line
23 ten (10), after the word “account” the words “, except inter-
24 est and penalties on delinquent contributions and reports,”.

25 7. By inserting in subsection two (2), paragraph c, line
26 nineteen (19), after the period the following:

27 “Interest and penalties on delinquent contributions and
28 reports collected from employers shall be transferred from the
29 clearing account to the special employment security contingency
30 fund.”

EXPLANATION OF HOUSE FILE 788

The unemployment insurance trust fund at present is approximately \$130,000,000.00. The federal government serves as custodian of the fund from which moneys are requisitioned periodically by the Iowa Employment Security Commission to pay benefits to claimants. The amount of

interest and penalties collected each year and deposited in the fund is small and has no appreciable effect on the fund.

The proposed law provides for placing of interest and penalties received from delinquent contributions and reports in a special contingency fund to be used for purposes set out in the proposed bill. 37 other states have provisions for similar funds.

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- 1 Amend House File 788 as follows:
 - 2 1. By striking from page one (1), line fourteen (14), the
 - 3 figures, "1969" and inserting in lieu thereof the figures,
 - 4 "1970".
 - 5 2. By striking from page two (2), line twenty-seven (27),
 - 6 the figures, "1969" and inserting in lieu thereof the figures,
 - 7 "1970".

*Adopted
1-20*

Filed - *Adopted 1-20*
January 15, 1970

COMMITTEE ON STATE GOVERNMENT
C. Raymond Fisher, Chairman

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- 1 Amend House File 788, page 2, by striking the sentence
 - 2 beginning in line 8 and ending in line 12.

Received from the Senate
March 19, 1970

*House
Concurred
3/23*

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- 1 Amend House File 788, page 2, by striking the
 - 2 sentence beginning in line 8 and ending in line 12.

Filed and adopted
March 17, 1970

By DeKOSTER