

Reprinted 3/28/85

SENATE FILE 383

BY COMMITTEE ON LABOR AND INDUSTRIAL RELATIONS

FORMERLY SSB 105

Approved 3-5-85 (p. 612)

FILED MAR 5 1985

Passed Senate, Date 3-12-85 (p. 734) Passed House, Date _____

Vote: Ayes 47 Nays 1 Vote: Ayes _____ Nays _____

Approved _____

motion to recommit (p. 745) w/ 3/26

A BILL FOR

1 An Act relating to the ranking of certain expanding employers
 2 on the unemployment compensation contribution rate tables.
 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 383

1 Section 1. NEW SECTION. 96.7A EXPANDING EMPLOYMENT
2 INCENTIVE.

3 1. An employer qualified for an experience rating with a
4 positive balance in the employer's account shall receive a
5 reduction in the employer's average annual payroll due to an
6 increase in employment if the employer's numerical increase in
7 employment is equal to or greater than one under both
8 paragraphs "a" and "b".

9 a. The employer's increase in employment, calculated by
10 number of employees, equals the average mid-month employment
11 reported by the employer for the calendar year immediately
12 preceding the computation date minus the four-year average
13 mid-month employment reported by the employer for the four
14 calendar years preceding the calendar year which immediately
15 precedes the computation date.

16 b. The employer's increase in employment, calculated by
17 amount of taxable wages, equals the taxable wages reported by
18 the employer for the calendar year immediately preceding the
19 computation date minus the four-year average of the taxable
20 wages reported by the employer for the four calendar years
21 preceding the calendar year which immediately precedes the
22 computation date, divided by the taxable wage base for the
23 calendar year immediately preceding the computation date.

24 2. The reduction in the current average annual payroll of
25 an employer qualified under subsection 1 equals fifty percent
26 of any increase in the employer's current average annual
27 payroll over the employer's average annual payroll for the
28 previous year. However, in calculating the increase in the
29 employer's average annual payroll any portion of that increase
30 due to an increase or decrease in taxable wages under section
31 96.19, subsection 20, shall be disregarded. The employer's
32 average annual payroll for the next two consecutive years
33 shall each be reduced by the amount of the reduction in the
34 employer's current average annual payroll, unless the employer
35 is entitled to a greater reduction in the employer's average

1 annual payroll as calculated under this section, in which case
2 the greater reduction is applicable for three years unless a
3 yet greater reduction is applicable.

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

11 Sec. 2. This Act takes effect on the first computation
12 date after this Act's enactment on which the unemployment
13 compensation fund's balance is positive.

14 EXPLANATION

15 This bill grants expanding experience-rated employers with
16 positive account balances a reduction in the employers'
17 average annual payrolls in order to give the employers better
18 rankings, in comparison to other employers, in the
19 contribution rate tables.

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STATE OF IOWA
FISCAL NOTELSB No. 2471S
Staff ID: DPW


In compliance with a written request received March 7, 1985, a fiscal note for SENATE FILE 383 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 383 would grant expanding experienced-rated employers, with a positive balance in the unemployment compensation trust fund, a reduction in the employer's annual payroll in order to give the expanding employers a lower contribution rate. This bill takes effect on the first rate computation date after enactment on which there is a positive balance in the unemployment compensation fund.

FISCAL EFFECT: This bill provides that 50 percent of the expanding portion of an employers' payroll shall be credited against that payroll in determining the average annual payroll. This adjustment would occur prior to ranking all employers to determine contribution rate. Using data for the year ending 6/84 a total of 3733 non-expanding employers would pay increased taxes by \$4.0 million while 953 expanding employers would have decreased taxes by \$4.7 million. Non-expanding employers' tax rate would increase between 0.1 percent and 0.8 percent. The estimated impact to the trust fund from this bill would be a loss of \$700,000 the first year. These same adjustments would hold for the next two years unless an employer was entitled to a larger credit from expanding more. As it is impossible to know how many employers will expand in any given year it is not possible to determine exact future costs to the fund or employers.

Source: Department of Job Service

(LSB 2471S, DPW)


Fiscal Director
Legislative Fiscal Bureau
3/14/85

Labor and Industrial Relations: Ollie, Chair; Hummel and Running.

SENATE FILE 383

BY COMMITTEE ON LABOR AND INDUSTRIAL RELATIONS

(AS AMENDED AND PASSED BY THE SENATE MARCH 12, 1985)

Passed Senate, Date 5-4-85 (p. 1970) Passed House, Date 5-3-85 (p. 2282)
Vote: Ayes 48 Nays 0 Vote: Ayes 93 Nays 0
Approved May 30, 1985

A BILL FOR

1 An Act relating to the establishment of a special unemployment
2 compensation contribution rate for certain expanding
3 employers.

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

S-4237

HOUSE AMENDMENT TO
SENATE FILE 383

1 Amend Senate File 383, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 1, line 8, by inserting after the letter
4 "b" the following: "and if the increase in the
5 employer's average annual payroll is not totally
6 disregarded under subsection 2 due to an increase in
7 taxable wages under section 96.19, subsection 20 or
8 due to the fact that the employer is a successor
9 employer".

10 2. Page 1, line 31, by inserting after the figure
11 "20," the following: "or due to the fact that the
12 employer is a successor employer".

13 3. Page 2, line 17, by inserting after the word
14 "positive." the following: "However, this Act is null
15 and void from its effective date if the final decision
16 of the United States Department of Labor holds that
17 this Act places Iowa's unemployment compensation law
18 out of conformity with federal law."

20 S-4237 Filed May 4, 1985

RECEIVED FROM THE HOUSE

21 Senate concurred 5/4 (p. 1971)

1 Section 1. NEW SECTION. 96.7A EXPANDING EMPLOYMENT
2 INCENTIVE.

3 1. An employer qualified for an experience rating with a
4 positive balance in the employer's account shall receive a
5 reduction in the employer's average annual payroll due to an
6 increase in employment if the employer's numerical increase in
7 employment is equal to or greater than one under both
8 paragraphs "a" and "b".

9 a. The employer's increase in employment, calculated by
10 number of employees, equals the average mid-month employment
11 reported by the employer for the calendar year immediately
12 preceding the computation date minus the four-year average
13 mid-month employment reported by the employer for the four
14 calendar years preceding the calendar year which immediately
15 precedes the computation date.

16 b. The employer's increase in employment, calculated by
17 amount of taxable wages, equals the taxable wages reported by
18 the employer for the calendar year immediately preceding the
19 computation date minus the four-year average of the taxable
20 wages reported by the employer for the four calendar years
21 preceding the calendar year which immediately precedes the
22 computation date, divided by the taxable wage base for the
23 calendar year immediately preceding the computation date.

24 2. The reduction in the current average annual payroll of
25 an employer qualified under subsection 1 equals fifty percent
26 of any increase in the employer's current average annual
27 payroll over the employer's average annual payroll for the
28 previous year. However, in calculating the increase in the
29 employer's average annual payroll any portion of that increase
30 due to an increase or decrease in taxable wages under section
31 96.19, subsection 20, shall be disregarded. The employer's
32 average annual payroll for the next two consecutive years
33 shall each be reduced by the amount of the reduction in the
34 employer's current average annual payroll, unless the employer
35 is entitled to a greater reduction in the employer's average

FISCAL NOTE

Filed April 3, 1985

SF 383

In compliance with a written request received March 7, 1985, a fiscal note for SENATE FILE 383, as amended 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 383, as amended by the Senate, would grant expanding experienced-rated employers, with a positive balance in the unemployment compensation trust fund, a reduction in the employer's annual payroll in order to give the expanding employers a lower contribution rate. This bill takes effect on the first rate computation date after enactment on which there is a positive balance in the unemployment compensation fund.

FISCAL EFFECT: Using the employer's average annual payroll the department of job service shall compute each employer's percentage of excess and then rank all employers relative to the level of excess. Then expanding employer's excess will be recomputed using their reduced average annual payroll which credits them with 50 percent of the expanding portion of payroll. This new percentage of excess shall be used to assign expanding employers a new contribution rate that is equivalent to the revised excess percentage, but, non-expanding employers would not be assigned a new contribution rate. Using data for the year ending 6/84, this change would have provided 1,159 employers a \$6.2 million reduction in taxes. The \$6.2 million would be a decrease in revenue to the trust fund. These adjustments would last for three years unless an employer was entitled to a readjustment due to continued expansion of employees. As it is impossible to know how many employers will expand in any given year it is not possible to determine exact future costs to the trust fund.

Source: Iowa Department of Job Service

(LSB 2471S.2, DPVA)

1 annual payroll as calculated under this section, in which case
2 the greater reduction is applicable for three years unless a
3 yet greater reduction is applicable.

4 3. The department shall use the employer's average annual
5 payroll to compute the employer's percentage of excess, shall
6 compute the employer's percentage of excess rank by ranking
7 the employer's percentage of excess relative to all other
8 employers' percentages of excess, shall recompute the
9 employer's percentage of excess by using the employer's
10 reduced average annual payroll, and shall assign the employer
11 the contribution rate in the rate table which corresponds to
12 the employer's reduced percentage of excess rank without
13 adjusting the total taxable wages in each rank and without
14 reranking employers in the rate table.

15 Sec. 2. This Act takes effect on the first computation
16 date after this Act's enactment on which the unemployment
17 compensation fund's balance is positive.

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1 Amend Senate File 383 as follows:

2 1. Page 1, line 8, by inserting after the letter
3 "b" the following: "and if the increase in the
4 employer's average annual payroll is not totally
5 disregarded under subsection 2 due to an increase in
6 taxable wages under section 96.19, subsection 20 or
7 due to the fact that the employer is a successor
8 employer".

9 2. Page 1, line 31, by inserting after the figure
10 "20," the following: "or due to the fact that the
11 employer is a successor employer".

12 3. Page 2, by striking lines 4 through 10 and
13 inserting the following:

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

27 4. Page 2, line 13, by inserting after the word
28 "positive." the following: "However, this Act is null
29 and void from its effective date if the final decision
30 of the United States Department of Labor holds that
31 this Act places Iowa's unemployment compensation law
32 out of conformity with federal law."

33 5. Title page, by striking lines 1 and 2 and
34 inserting the following:

35 "An Act relating to the establishment of a special
36 unemployment compensation contribution rate for
37 certain expanding employers."

S-3218 Filed
March 7, 1985

By MANN

A - Passed 2/12 (p. 121)

B - Adopted
Motion to reconsider withdrawn

1 Amend Senate File 383 as follows:

2 1. Page 2, by striking lines 4 through 10 and
3 inserting the following:

4 "3. The department shall use the employer's
5 average annual payroll to compute the employer's
6 percentage of excess, shall compute the employer's
7 percentage of excess rank by ranking the employer's
8 percentage of excess relative to all other employers'
9 percentages of excess, shall recompute the employer's
10 percentage of excess by using the employer's reduced
11 average annual payroll, and shall assign the employer
12 the contribution rate in the rate table which
13 corresponds to the employer's reduced percentage of
14 excess rank without adjusting the total taxable wages
15 in each rank and without reranking employers in the
16 rate table."

17 2. Title page, by striking lines 1 and 2 and
18 inserting the following: "An Act relating to the
19 establishment of a special unemployment compensation
20 contribution rate for certain expanding employers."

S-3202 Filed

March 6, 1985

By HULTMAN & KINLEY

Classed out of order 3/12 (p. 731)

SENATE FILE 383

H-3773

1 Amend Senate File 383, as amended, passed, and
2 reprinted by the Senate as follows:

3 1. Page 2, by inserting after line 14 the
4 following:

5 "Sec. ____ . Section 96.13, subsection 3, paragraphs
6 a and b, Code 1985, are amended to read as follows:

7 a. There is created in the state treasury a
8 special fund to be known as the special employment
9 security contingency fund. All interest, fines, and
10 penalties, regardless of when they become payable,
11 collected from employers under section 96.14 shall be
12 paid into the fund. The moneys shall not be expended
13 or available for expenditure in any manner which would
14 permit their substitution for federal funds which
15 would in the absence of the moneys be available to
16 finance expenditures for the administration of the
17 employment security law. However, the moneys may be
18 used as a revolving fund to cover expenditures for
19 which federal funds have been duly requested but not
20 yet received, subject to the charging of the
21 expenditures against the funds when received. The
22 moneys may be used for the payment of costs of
23 administration which are found not to have been
24 properly and validly chargeable against federal grants
25 or other funds, received for or in the employment
26 security administration fund. The moneys in the fund
27 are specifically made available to replace, within a
28 reasonable time, any moneys received by this state in
29 the form of grants from the federal government for
30 administrative expenses which because of any action or
31 contingency have been expended for purposes other
32 than, or in excess of, those necessary for the proper
33 administration of the employment security law. All
34 moneys in the fund shall be deposited, administered,
35 and disbursed in the same manner and under the same
36 conditions and requirements as are provided by law for
37 other special funds in the state treasury. However,
38 interest Interest earned upon moneys in the fund shall
39 be deposited in and credited to the temporary
40 ~~emergency-surcharge-fund-created-under-section-96-7,~~
41 ~~subsection-15 fund.~~

42 b. The treasurer of state shall be the custodian of
43 the fund and shall give a separate and additional bond
44 conditioned upon the faithful performance of the
45 treasurer's duties in connection with the fund in an
46 amount and with sureties as shall be fixed and
47 approved by the governor. The premium for the bond
48 shall be paid from the moneys in the fund. All sums
49 recovered on the bond for losses sustained by the fund
50 shall be deposited in the fund. Refunds of interest

1 and penalties shall be paid only from the fund.

2 c. Balances to the credit of the fund shall not
3 lapse at any time but shall continuously be available
4 to the department for expenditures consistent with
5 this subsection. However, the department shall not
6 expend more than fifty thousand dollars from the fund
7 in a state fiscal year beginning July 1 and ending
8 June 30 for the purposes authorized in paragraph "a",
9 except that the department may expend amounts in
10 excess of the fifty thousand dollars only for county
11 economic development surveys, for the employment of
12 older worker specialists, and for expenses of
13 administering the employment security law which are
14 necessary to serve the public and which can no longer
15 be properly and validly charged against federal grants
16 received for administrative expenses. After the end
17 of a state fiscal year the treasurer of state shall
18 promptly transfer the entire amount of the fund in
19 excess of that portion of the fifty thousand dollars,
20 which the department has expended or obligated for the
21 preceding state fiscal year, to the temporary
22 emergency surcharge fund, but if the treasurer of
23 state determines that the department does not have and
24 will not on September 30 have an outstanding balance
25 of interest accrued on advance moneys received from
26 the federal government for the payment of unemployment
27 compensation benefits, the treasurer of state shall
28 instead promptly transfer the entire excess amount to
29 the unemployment trust fund established in section
30 96-9. The department, in consultation with other
31 state agencies, shall conduct the county economic
32 development surveys in coordination with economic
33 development activities conducted by other state
34 agencies. The department shall notify the
35 chairpersons of the general assembly's committees on
36 labor and industrial relations and the chairpersons of
37 the appropriate joint appropriations subcommittee of
38 the general assembly of an anticipated expenditure of
39 any amounts from the fund for expenses of
40 administering the employment security law which are
41 necessary to serve the public and which can no longer
42 be properly and validly charged against federal grants
43 received for administrative expenses.

44 b d. The department of job service shall annually
45 report to the appropriate joint regulatory and finance
46 appropriations subcommittee of the general assembly on
47 its plans for expenditures during the next state
48 fiscal year from the special employment security
49 contingency fund. The report shall describe the
50 specific expenditures and explain why the expenditures

Page Three

1 are to be made from the fund and not from federal
2 administrative funds."

3 2. Page 2, line 15, by striking the word "This"
4 and inserting the following: "Section 1 of this".

5 3. Title page, line 3 by inserting after the word
6 "employers" the following: "and the modification of
7 the maximum dollar amount of yearly expenditures from
8 the special employment security contingency fund".

9 4. By renumbering and relettering as necessary

H-3773 FILED APRIL 12, 1985

7/12 5/3

BY OLLIE of Clinton

SENATE FILE 383

H-3732

- 1 Amend Senate File 383, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 2, by inserting after line 14 the
4 following:
5 "Sec. ____ . 1986 TAXABLE WAGE BASE.
6 Notwithstanding section 96.19, subsection 20, the
7 maximum amount of taxable wages upon which employers
8 are required to contribute under chapter 96, based on
9 wages paid to an individual in calendar year 1986,
10 shall be equal to the maximum amount of taxable wages
11 upon which the employers were required to contribute
12 under chapter 96, based on wages paid to an individual
13 in calendar year 1985."
14 2. Page 2, line 15, by striking the word "This"
15 and inserting the following: "Section 1 of this".
16 3. By renumbering as necessary.

BY HALVORSON of Clayton
HARBOR of Mills
McINTEE of Black Hawk

H-3732 FILED APRIL 10, 1985

7/10 5/13

SENATE FILE 383

H-3733

- 1 Amend Senate File 383, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 2, by inserting after line 14 the
4 following:
5 "Sec. ____ . 1983 Iowa Acts, chapter 190, section
6 26, is amended to read as follows:
7 SEC. 26. PROSPECTIVE REPEAL. Sections-8-and
8 Section 24 of this Act are is prospectively repealed
9 on January 1 of the first calendar year after December
10 31, 1985 for which a contribution rate table other
11 than contribution rate table one is effective.
12 ~~Section-8-is-repealed-for-benefit-claims-effectively~~
13 ~~filed-for-and-after-the-first-full-week-in-that-first~~
14 ~~calendar-year.~~ Section 24 is repealed for taxable
15 wages for that first calendar year and subsequent
16 calendar years."
17 2. Page 2, line 15, by striking the word "This"
18 and inserting the following: "Section 1 of this".
19 3. By renumbering as necessary.

BY HALVORSON of Clayton
HARBOR of Mills
McINTEE of Black Hawk

H-3733 FILED APRIL 10, 1985

7/10 5/13

SENATE FILE 383

H-3677

1 Amend Senate File 383, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 1, line 8, by inserting after the letter
4 "b" the following: "and if the increase in the
5 employer's average annual payroll is not totally
6 disregarded under subsection 2 due to an increase in
7 taxable wages under section 96.19, subsection 20 or
8 due to the fact that the employer is a successor
9 employer".

10 2. Page 1, line 31, by inserting after the figure
11 "20," the following: "or due to the fact that the
12 employer is a successor employer".

13 3. Page 2, line 17, by inserting after the word
14 "positive." the following: "However, this Act is null
15 and void from its effective date if the final decision
16 of the United States Department of Labor holds that
17 this Act places Iowa's unemployment compensation law
18 out of conformity with federal law."

BY COMMITTEE ON LABOR AND
INDUSTRIAL RELATIONS

H-3677 FILED APRIL 8, 1985

Adopted 5/3/85 (f 2285)

SENATE FILE 383

H-3731

1 Amend Senate File 383, as amended, passed, and
2 reprinted by the Senate, as follows:

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

5 "Section 1. Section 96.3, subsection 4, Code 1985,
6 is amended by adding the following new unnumbered
7 paragraph:

8 NEW UNNUMBERED PARAGRAPH. Notwithstanding the
9 annual recomputation of the statewide average weekly
10 wage required by this subsection, the maximum weekly
11 benefit amounts effective for benefit claims filed
12 during the period beginning July 1, 1984 and ending
13 July 6, 1985, are effective for benefit claims filed
14 during the period beginning July 7, 1985 and ending
15 July 5, 1986."

16 2. Page 1, line 1, by striking the word and
17 figure "Section 1." and inserting the following:
18 "Sec. 2."

19 3. Page 2, line 15, by striking the words and
20 figure "Sec. 2. This" and inserting the following:
21 "Sec. 3. Section 2 of this".

BY HALVORSON of Clayton
HARBOR of Mills
McINTEE of Black Hawk

H-3731 FILED APRIL 10, 1985

11/25 5/3

SENATE FILE 383

H-3817

1 Amend Senate File 383, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 2, by inserting after line 14 the
4 following:

5 "Sec. . NEW SECTION. 96.40 VOLUNTARY TRAINING
6 INITIATIVE PROGRAM.

7 1. An individual eligible for benefits may request
8 the department to certify the individual for job-
9 related training approved by the department. The
10 department shall only approve vocational or technical
11 training, basic education necessary as a prerequisite
12 for vocational or technical training, or short-term
13 vocationally directed academic training, and shall
14 only certify the individual for the training if the
15 training program includes job or career placement
16 services and if the training is designed to prepare
17 the individual for gainful employment in recognized or
18 new occupations or skill areas in which reasonable
19 opportunities for employment exist or are expected to
20 exist in the immediate future in the locality where
21 the individual resides or in a location to which the
22 individual is willing to move. The department may
23 authorize training provided in conjunction with
24 governmental training programs or provided at
25 accredited vocational or technical schools.

26 2. If the department certifies an individual for
27 approved training the individual may voluntarily
28 request the department to recalculate the individual's
29 weekly benefit amount for the second week of the
30 training and for subsequent consecutive weeks in the
31 individual's benefit year to equal an amount which
32 does not exceed one hundred twenty-five percent of the
33 individual's weekly benefit amount and which will
34 allow the individual to periodically pay for the
35 approved training with that portion of the
36 recalculated weekly benefit amount in excess of the
37 individual's weekly benefit amount as calculated under
38 section 96.3, subsection 4. The department shall
39 correspondingly recalculate the individual's maximum
40 duration of benefits in terms of weeks under section
41 96.3, subsection 5. The recalculation of the
42 individual's weekly benefit amount shall not affect
43 the maximum amount of benefits payable to the
44 individual under section 96.3, subsection 5. The
45 department shall monitor the individual's
46 participation in the approved training and if the
47 individual fails to participate as expected, the
48 department shall immediately decrease the individual's
49 weekly benefit amount to the amount calculated for the
50 individual under section 96.3, subsection 4.

H-3817
Page Two

1 3. If the department certifies an individual for
2 approved training, the individual shall not be denied
3 benefits, as provided in section 96.4, subsection 6,
4 paragraph "a", during the time period in which the
5 individual is actually participating in the approved
6 training. Before the individual completes the
7 approved training, the department shall determine the
8 individual's likely employment status after completing
9 the training, and if the individual will still be
10 unemployed, the department shall enroll the individual
11 in any available job search assistance program
12 administered by the department.

13 4. The department shall report to the general
14 assembly on the utilization and effectiveness of the
15 program by January of each year."

16 2. Title page, line 1, by inserting after the
17 word "of" the following: "a voluntary training
18 initiative program for certain unemployed individuals
19 and".

20 3. By renumbering as necessary.

BY HATCH of Polk
SWARTZ of Marshall
CONNORS of Polk
JOCHUM of Dubuque
BRANSTAD of Winnebago
COREY of Louisa
FEY of Scott
TEAFORD of Black Hawk
HALVORSON of Clayton
HALVORSON of Webster
STURGEON of Woodbury
BLANSHAN of Greene
CONNOLLY of Dubuque

McINTEE of Black Hawk
VARN of Johnson
SULLIVAN of Van Buren
SIEGRIST of Pottawattamie
PETERSON of Carroll
BAXTER of Des Moines
HUGHES of Union
SHOULTZ of Black Hawk
MUHLBAUER of Crawford
HANSON of Delaware
OSTERBERG of Linn
KOENIGS of Mitchell
O'KANE of Woodbury
MULLINS of Kossuth

H-3817 FILED APRIL 16, 1985

H/B 5/3

SENATE FILE 383

H-3848

1 Amend Senate File 383, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting before line 1 the fol-
4 lowing:

5 "Section 1. Section 96.3, subsection 4, unnumbered
6 paragraph 1, Code 1985, is amended to read as follows:

7 DETERMINATION OF BENEFITS. With-respect-to-benefit

8 years-beginning-on-or-after-July-17-1983,-an An

9 eligible individual's weekly benefit amount for a week

10 of total unemployment shall-be is an amount equal to

11 the-following-fractions one twenty-second of the

12 individual's total wages in insured work paid during

13 that quarter of the individual's base period in which

14 such total wages were highest. However, the director

15 shall determine annually a maximum weekly benefit

16 amount equal to the-following-percentages,-to-vary

17 with-the-number-of-dependents, fifty-five percent of

18 the statewide average weekly wage paid to employees in

19 insured work which shall be effective the first day of

20 the first full week in July.

21 If-the-number-of-----The-weekly-benefit-----Subject-to-the

22 dependents-is-----amount-shall-equal-----following-maximum

23 -----the-following-frac-----percentage-of-the

24 -----tion-of-high-quar-----statewide-average

25 -----ter-wages-----weekly-wage:

26 ----0-----1/23-----53%

27 ----1-----1/22-----55%

28 ----2-----1/21-----57%

29 ----3-----1/20-----60%

30 ----4-or-more-----1/19-----65%

31 The maximum weekly benefit amount, if not a multiple

32 of one dollar shall be rounded to the lower multiple

33 of one dollar. However,-until-such-time-as-sixty-five

34 percent-of-the-statewide-average-weekly-wage-exceeds

35 one-hundred-ninety-dollars,-the-maximum-weekly-benefit

36 amounts-shall-be-determined-using-the-statewide

37 average-weekly-wage-computed-on-the-basis-of-wages

38 reported-for-calendar-year-1981.-As-used-in-this

39 section-"dependent"-means-dependent-as-defined-in

40 section-422-12,-subsection-1,-paragraph-"c",-as-if-the

41 individual-claimant-was-a-taxpayer,-except-that-an

42 individual-claimant's-nonworking-spouse-shall-be

43 deemed-to-be-a-dependent-under-this-section:

44 "Nonworking-spouse"-means-a-spouse-who-does-not-earn

45 more-than-one-hundred-twenty-dollars-in-gross-wages-in

46 one-week."

47 2. Page 1, line 1, by striking the word and

48 figure "Section 1." and inserting the following:

49 "Sec. 2."

50 3. Page 2, line 15, by striking the words and

H-3848

Page Two

1 figure "Sec. 2. This" and inserting the following:
2 "Sec. 3. Section 1 of this Act applies to benefit
3 years beginning on or after the first day of the first
4 full week in July after the enactment of this Act.
5 Section 2 of this".

H-3848 FILED APRIL 16, 1985 BY HALVORSON of Clayton

H/O 5/3

SENATE FILE 383

H-4158

1 Amend the amendment, H-3817 to Senate File 383 as
2 amended, passed and reprinted by the Senate as
3 follows:

4 1. Page 1, line 13, by inserting after the word
5 "training," the following: "not to exceed eight weeks
6 in duration,".

7 2. Page 2, line 18, by striking the word
8 "unemployed" and inserting the following:
9 "unemployed".

H-4158 FILED APRIL 30, 1985 BY HATCH of Polk

Placed o/o 5/3

H-3928

1 Amend the amendment, H-3677, to Senate File 383, as
 2 amended, passed, and reprinted by the Senate, as
 3 follows:

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

6 "_____. Page 1, by inserting before line 1 the fol-
 7 lowing:

8 "Section 100. Section 96.3, subsection 4,
 9 unnumbered paragraph 1, Code 1985, is amended to read
 10 as follows:

11 DETERMINATION OF BENEFITS. With-respect-to-benefit
 12 years-beginning-on-or-after-July-1, 1983, an An
 13 eligible individual's weekly benefit amount for a week
 14 of total unemployment shall-be is an amount equal to
 15 the-following-fractions one twenty-first of the
 16 individual's total wages in insured work paid during
 17 that quarter of the individual's base period in which
 18 such total wages were highest. However, the director
 19 shall determine annually a maximum weekly benefit
 20 amount equal to the-following-percentages, to-vary
 21 with-the-number-of-dependents, fifty-six percent of
 22 the statewide average weekly wage paid to employees in
 23 insured work which shall be effective the first day of
 24 the first full week in July.

25 If-the-number-of- The-weekly-benefit- Subject-to-the
 26 dependents-is- amount-shall-equal- following-maximum
 27 the-following-frac- percentage-of-the
 28 tion-of-high-quar- statewide-average
 29 ter-wages- weekly-wage-

30	0	1/23	53%
31	1	1/22	55%
32	2	1/21	57%
33	3	1/20	60%
34	4 or more	1/19	65%

35 The maximum weekly benefit amount, if not a multiple
 36 of one dollar shall be rounded to the lower multiple
 37 of one dollar. However, until such time as sixty-five
 38 percent of the statewide average weekly wage exceeds
 39 one hundred ninety dollars, the maximum weekly benefit
 40 amounts shall be determined using the statewide
 41 average weekly wage computed on the basis of wages
 42 reported for calendar year 1981. As used in this
 43 section "dependent" means dependent as defined in
 44 section 422.12, subsection 1, paragraph "c" as if the
 45 individual claimant was a taxpayer, except that an
 46 individual claimant's nonworking spouse shall be
 47 deemed to be a dependent under this section.
 48 "Nonworking spouse" means a spouse who does not earn
 49 more than one hundred twenty dollars in gross wages in
 50 one week."

Page Two

1 2. Page 1, line 18, by inserting after the word
 2 "law." the following: "Section 100 of this Act
 3 applies to benefit years beginning on or after the
 4 first day of the first full week in July after the
 5 enactment of this Act."

SENATE FILE 383
AS AMENDED BY H-3817
FISCAL NOTE

REQUESTED BY REPRESENTATIVE COREY

In compliance with a written request received April 22, 1985, a fiscal note for SENATE FILE 383, AS AMENDED BY H 3817 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 383, as amended by H 3817, would grant expanding experienced-rated employers, with a positive balance in the unemployment compensation trust fund, a reduction in the employer's annual payroll in order to give the expanding employers a lower contribution rate. This bill takes effect on the first rate computation date after enactment on which there is a positive balance in the unemployment compensation fund.

Additionally, the proposed amendment would allow an individual who was entitled to benefits, to receive benefits while participating in an approved job-related training program. The department shall approve only vocational or technical training, basic education necessary as a prerequisite for vocational or technical training, or short-term vocationally directed academic training, and then only if the training is designed to prepare the individual for gainful employment in recognized or new occupations or skill areas in which reasonable opportunities for employment exist or are expected to exist in the immediate future. The jobs must be available in the locality where the individual resides or in a location to which the individual would be willing to move.

FISCAL EFFECT: Using the employer's average annual payroll the department of job service shall compute each employer's percentage of excess and then rank all employers relative to the level of excess. Then expanding employer's excess will be recomputed using their reduced average annual payroll which credits them with 50 percent of the expanding portion of payroll. This new percentage of excess shall be used to assign expanding employers a new contribution rate that is equivalent to the revised excess percentage, but, non-expanding employers would not be assigned a new contribution rate. Using data for the year ending 6/84, this change would have provided 1,159 employers a \$6.2 million reduction in taxes. The \$6.2 million would be a decrease in revenue to the trust fund. These adjustments would last for three years unless an employer was entitled to a readjustment due to continued expansion of employees. As it is impossible to know how many employers will expand in any given year it is not possible to determine exact future costs to the trust fund.

Additionally, the department has estimated that the cost to the fund for allowing those receiving benefits to participate in certified training would be minimal. While the amendment allows the individual to receive benefits at one hundred and twenty-five percent of the weekly benefit amount beginning with the second and subsequent weeks of training, the total the individual could receive is not changed. However, it is possible that an individual might exhaust all benefits prior to becoming employed under the new provision (20 weeks), but would have been able to find a job before benefits were exhausted if they had been spread over the normal 26 weeks thereby increasing costs to the trust fund. It is impossible to determine how many individuals would fall into this category at this time, so no firm estimates of these costs can be made.

Source: Iowa Department of Job Service
FILED APRIL 24, 1985

(LSB 2471S.4, DPW)
BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 383
AS AMENDED BY H-3773
FISCAL NOTE

REQUESTED BY REPRESENTATIVE OLLIE

In compliance with a written request received April 10, 1985, a fiscal note for SENATE FILE 383 AS AMENDED BY H 3773 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 383, as amended by H 3773, would grant expanding experienced-rated employers, with a positive balance in the unemployment compensation trust fund, a reduction in the employer's annual payroll in order to give the expanding employers a lower contribution rate. This bill takes effect on the first rate computation date after enactment on which there is a positive balance in the unemployment compensation fund.

Additionally, the proposed amendment would allow all funds collected in the special employment security contingency fund to remain until expended. Currently, any unexpended or uncommitted dollars in this fund are transferred to the temporary emergency surcharge fund at the end of each state fiscal year. It is proposed that money collected by the fund be available to the department of job service, but that where currently expenditures are restricted to \$50,000 per annum, this proposal allows exceptions if the funds are expended for county economic development surveys, for the employment of older worker specialists, or for expenses of administering the employment security law which are necessary to serve the public and which can no longer be properly and validly charged against federal grants received for administrative expenses.

FISCAL EFFECT: Using the employer's average annual payroll the department of job service shall compute each employer's percentage of excess and then rank all employers relative to the level of excess. Then expanding employer's excess will be recomputed using their reduced average annual payroll which credits them with 50 percent of the expanding portion of payroll. This new percentage of excess shall be used to assign expanding employers a new contribution rate that is equivalent to the revised excess percentage, but, non-expanding employers would not be assigned a new contribution rate. Using data for the year ending 6/84, this change would have provided 1,159 employers a \$6.2 million reduction in taxes. The \$6.2 million would be a decrease in revenue to the trust fund. These adjustments would last for three years unless an employer was entitled to a readjustment due to continued expansion of employees. As it is impossible to know how many employers will expand in any given year it is not possible to determine exact future costs to the trust fund.

Additionally, the department has estimated that costs for adding three new older Iowan specialists and for conducting county economic development surveys would be approximately \$70,000 and \$833,000 for FY '86, respectively. The department supplied no estimate for the amount of funds necessary to replace the federal funds which currently are used to pay some administrative expenses but which will not be allowed to be charged against the federal grants if FY '86.

The combination of the estimates provided above would indicate that for FY '86 the total costs to the trust fund from this bill would be approximately \$7.2 million.

Source: Iowa Department of Job Service

(LSB 2471S.3, DPW)

FILED APRIL 17, 1985

BY DENNIS PROUTY, FISCAL DIRECTOR

*Nav
SF 383*

*SSB 105
Labor & Industrial Rel.*

SENATE/HOUSE FILE _____

BY (PROPOSED GOVERNOR'S BILL)

SSB 105

LABOR AND INDUSTRIAL RELATIONS: Colton, Chair; Gettings and Jensen

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the establishment of a special unemploy-
2 ment compensation contribution rate for certain expanding
3 employers.

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

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1 Section 1. NEW SECTION. 96.7A EXPANDING EMPLOYMENT
2 INCENTIVE.

3 1. An employer qualified for an experience rating with a
4 positive balance in the employer's account shall receive a
5 reduction in the employer's average annual payroll due to an
6 increase in employment if the employer's numerical increase in
7 employment is equal to or greater than one under both
8 paragraphs "a" and "b".

9 a. The employer's increase in employment, calculated by
10 number of employees, equals the average mid-month employment
11 reported by the employer for the calendar year immediately
12 preceding the computation date minus the four-year average
13 mid-month employment reported by the employer for the four
14 calendar years preceding the calendar year which immediately
15 precedes the computation date.

16 b. The employer's increase in employment, calculated by
17 amount of taxable wages, equals the taxable wages reported by
18 the employer for the calendar year immediately preceding the
19 computation date minus the four-year average of the taxable
20 wages reported by the employer for the four calendar years
21 preceding the calendar year which immediately precedes the
22 computation date, divided by the taxable wage base for the
23 calendar year immediately preceding the computation date.

24 2. The reduction in the current average annual payroll of
25 an employer qualified under subsection 1 equals fifty percent
26 of any increase in the employer's current average annual
27 payroll over the employer's average annual payroll for the
28 previous year. However, in calculating the increase in the
29 employer's average annual payroll any portion of that increase
30 due to an increase or decrease in taxable wages under section
31 96.19, subsection 20, shall be disregarded. The employer's
32 average annual payroll for the next two consecutive years
33 shall each be reduced by the amount of the reduction in the
34 employer's current average annual payroll, unless the employer
35 is entitled to a greater reduction in the employer's average

1 annual payroll as calculated under this section, in which case
2 the greater reduction is applicable for three years unless a
3 yet greater reduction is applicable.

4 3. The department shall use the employer's average annual
5 payroll to compute the employer's percentage of excess, shall
6 compute the employer's percentage of excess rank by ranking
7 the employer's percentage of excess relative to all other
8 employers' percentages of excess, shall recompute the
9 employer's percentage of excess by using the employer's
10 reduced average annual payroll, and shall assign the employer
11 the contribution rate in the rate table which corresponds to
12 the employer's reduced percentage of excess rank without
13 adjusting the total taxable wages in each rank and without
14 reranking employers in the rate table.

15 Sec. 2. This Act takes effect on the second consecutive or
16 nonconsecutive computation date, on which the unemployment
17 compensation fund's balance is positive, which follows a first
18 computation date after this Act's enactment on which the
19 unemployment compensation fund's balance is positive.

20 EXPLANATION

21 This bill grants expanding experience-rated employers with
22 positive account balances a reduction in the employers'
23 average annual payrolls in order to possibly give the
24 employers lower contribution rates. Nonexpanding and other
25 employers are not reranked after reducing expanding employers'
26 contribution rates and therefore the bill avoids increasing
27 the nonexpanding and other employers' contribution rates.

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SENATE FILE 383

AN ACT

RELATING TO THE ESTABLISHMENT OF A SPECIAL UNEMPLOYMENT COMPENSATION CONTRIBUTION RATE FOR CERTAIN EXPANDING EMPLOYERS.

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

Section 1. NEW SECTION. 96.7A EXPANDING EMPLOYMENT INCENTIVE.

1. An employer qualified for an experience rating with a positive balance in the employer's account shall receive a reduction in the employer's average annual payroll due to an increase in employment if the employer's numerical increase in employment is equal to or greater than one under both paragraphs "a" and "b" and if the increase in the employer's average annual payroll is not totally disregarded under subsection 2 due to an increase in taxable wages under section 96.19, subsection 20 or due to the fact that the employer is a successor employer.

a. 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.

b. 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.

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 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. 2. This Act takes effect on the first computation date after this Act's enactment on which the unemployment compensation fund's balance is positive. However, this Act is

null and void from its effective date if the final decision of the United States Department of Labor holds that this Act places Iowa's unemployment compensation law out of conformity with federal law.

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 383, Seventy-first General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved May 30, 1985

TERRY E. BRANSTAD
Governor