

*From Labor Relations Committee for 5/10/88 + 5th House Bill (p. 501)*

Senate File 2060

Labor and Industrial Relations: Ollie, Chair; Hermann and Peters.

FILED JAN 20 1988

SENATE FILE 2060  
BY COMMITTEE ON BUSINESS AND  
LABOR RELATIONS

*(formerly 55B #2032)*  
*Approved (p. 157)*

Passed Senate, Date 1/20/88 (p. 501) Passed House, Date 3/10/88 (p. 501)

Vote: Ayes 49 Nays 0 Vote: Ayes 98 Nays 0

Approved March 9, 1988 (p. 113)

*Approved Senate as amended by House*  
3/11/88 (p. 501)  
10-0

**A BILL FOR**

1 An Act relating to the benefit ratio array system under the  
2 unemployment insurance law by making the benefit ratio array  
3 system permanent, by resolving potential federal conformity  
4 issues concerning new nonconstruction experience-based rates  
5 and access to job service information by business and labor  
6 organizations, by abolishing the special employer contribution  
7 rate for employers with certain negative balance account  
8 histories with retroactive applicability, and by providing an  
9 effective date.

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

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SF 2060

1 Section 1. Section 96.7, subsection 2, paragraph c,  
2 subparagraph (1), Code Supplement 1987, is amended to read as  
3 follows:

4 (1) A nonconstruction contributory employer newly subject  
5 to this chapter shall pay contributions at the rate specified  
6 in the twelfth benefit ratio rank but not less than one  
7 percent until the end of the calendar year in which the  
8 employer's account has been chargeable with benefits for  
9 twenty twelve consecutive calendar quarters immediately  
10 preceding the computation date.

11 Sec. 2. Section 96.7, subsection 2, paragraph d,  
12 unnumbered paragraph 5, Code Supplement 1987, is amended by  
13 striking the unnumbered paragraph.

14 Sec. 3. Section 96.11, subsection 7, paragraph c,  
15 subparagraph (9), Code Supplement 1987, is amended by striking  
16 the subparagraph.

17 Sec. 4. 1987 Iowa Acts, chapter 222, section 10, is  
18 repealed.

19 Sec. 5. APPLICABILITY. Section 2 of this Act applies  
20 retroactively to contribution rates for calendar year 1988 and  
21 subsequent calendar years.

22 Sec. 6. EFFECTIVE DATE. Sections 2 and 5 of this Act,  
23 being deemed of immediate importance, takes effect upon  
24 enactment.

25 EXPLANATION

26 This bill deletes the prospective repeal of the new benefit  
27 ratio array system under the unemployment insurance law. The  
28 bill also addresses two potential federal conformity issues by  
29 giving new nonconstruction employers an experience rating  
30 after 12 quarters of experience, rather than after 20 quarters  
31 of experience, and by deleting the access of business and  
32 labor organization representatives to job service information  
33 regarding employers and claimants.

34 In addition, this bill abolishes the special employer  
35 contribution rate under the unemployment insurance law,



HOUSE AMENDMENT TO  
SENATE FILE 2060

S-5231

1 Amend Senate File 2060 as passed by the Senate as  
2 follows:

3 1. Page 1, by inserting after line 10 the  
4 following:

5 "Sec. 2. Section 96.7, subsection 2, paragraph c,  
6 subparagraph (2), Code Supplement 1987, is amended to  
7 read as follows:

8 (2) A construction contributory employer, as  
9 defined under rules adopted by the division, which is  
10 newly subject to this chapter shall pay contributions  
11 at the rate specified in the twenty-first benefit  
12 ratio rank until the end of the calendar year in which  
13 the employer's account has been chargeable with  
14 benefits for twelve consecutive calendar quarters  
15 immediately-preceding-the-computation-date."

16 2. Title page, line 3, by inserting after the  
17 word "permanent," the words "by making a change  
18 related to new construction employers,".

19 3. By renumbering, relettering, or redesignating  
20 and correcting internal references as necessary.

S-5231

Filed March 4, 1988

ADOPTED

RECEIVED FROM THE HOUSE

*Concurred*

*(p. 631)*

## SENATE FILE 2060

H-5101

1 Amend Senate File 2060 as passed by the Senate as  
2 follows:  
3 1. Page 1, by inserting before line 1 the  
4 following:  
5 "Section 1. Section 96.3, subsection 5, Code  
6 Supplement 1987, is amended to read as follows:  
7 5. DURATION OF BENEFITS. The maximum total amount  
8 of benefits payable to an eligible individual during a  
9 benefit year shall not exceed the total of the wage  
10 credits accrued to the individual's account during the  
11 individual's base period, or twenty-six times the  
12 individual's weekly benefit amount, whichever is the  
13 lesser less. The commissioner division shall maintain  
14 a separate account for each individual who earns wages  
15 in insured work. The commissioner division shall  
16 compute wage credits for each individual by crediting  
17 the individual's account with one-third forty percent  
18 of the wages for insured work paid to the individual  
19 during the individual's base period. However, the  
20 commissioner shall recompute wage credits for an  
21 individual who is laid off due to the individual's  
22 employer going out of business at the factory,  
23 establishment, or other premises at which the  
24 individual was last employed, by crediting the  
25 individual's account with one-half, instead of one-  
26 third forty percent, of the wages for insured work  
27 paid to the individual during the individual's base  
28 period. Benefits paid to an eligible individual shall  
29 be charged against the base period wage credits in the  
30 individual's account which have not been previously  
31 charged, in the inverse chronological order as the  
32 wages on which the wage credits are based were paid.  
33 However, if the state extended benefit "off indicator"  
34 is in effect and if the individual is laid off due to  
35 the individual's employer going-out-of selling or  
36 closing a business at the factory, establishment, or  
37 other premises at which the individual was last  
38 employed, the maximum benefits payable shall be  
39 extended to thirty-nine fifty-two times the  
40 individual's weekly benefit amount, but not to exceed  
41 the total of the wage credits accrued to the  
42 individual's account."

BY COMMITTEE ON LABOR AND  
INDUSTRIAL RELATIONS

H-5101 FILED FEBRUARY 17, 1988

*Baldwin* 2/3 (p. 552)

SENATE FILE 2060  
AS AMENDED BY H-5101  
FISCAL NOTE

REQUESTED BY REPRESENTATIVE METCALF

In compliance with a written request received February 18, 1988, a fiscal note for SENATE FILE 2060 AS AMENDED H5101 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 2060 as amended by H5101 would increase the credit percentage from 33% to 40% for the regular 26 week period and 50% for plant closings. A maximum of 52 weeks of benefits would be allowed for plant closings.

Current law provides that the maximum total amount of benefits payable to any eligible individual during any benefit year are not to exceed the total of the wage credits accrued to the individual's account during the individual's base period or 26 times the individual's weekly benefit amount, whichever is the lesser. The wage credits for each individual is equal to 1/3 or 33% of the total wages earned in the base period. However, if the individual is laid off due to an employer going out of business, the individual's account is credited with 1/2 or 50% of the wages in the base period. A maximum of thirty-nine weeks of benefits is allowed for plant closings.

**FISCAL IMPACT**

It is estimated that the Unemployment Trust fund would be reduced by approximately \$5.0 to \$7.0 million by changing an individual's wage credits. This derivation uses last fiscal year as a base for estimating the reduction on the Trust Fund. The projected cost of the proposal could go as high as \$13.0 million during a recessionary period.

(Source: Iowa Department of Employment Services.)

(LSB 275QS, JEM)

FILED FEBRUARY 23, 1988

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 2060

H-5132

1 Amend Senate File 2060 as passed by the Senate as  
2 follows:

3 1. Page 1, by inserting after line 10 the  
4 following:

5 "Sec. 2. Section 96.7, subsection 2, paragraph c,  
6 subparagraph (2), Code Supplement 1987, is amended to  
7 read as follows:

8 (2) A construction contributory employer, as  
9 defined under rules adopted by the division, which is  
10 newly subject to this chapter shall pay contributions  
11 at the rate specified in the twenty-first benefit  
12 ratio rank until the end of the calendar year in which  
13 the employer's account has been chargeable with  
14 benefits for twelve consecutive calendar quarters  
15 immediately-preceding-the-computation-date."  
16 2. By renumbering as required.

BY CARPENTER of Polk

H-5132 FILED FEBRUARY 19, 1988

OLLIE of Clinton

*Adopted 3/3 (p 559)*

SENATE FILE 2060

H-5142

1 Amend the Amendment H-5124 to Senate File 2060 as  
2 passed by the Senate as follows:

3 1. Page 1, line 10, by striking the word "six-  
4 hundredths" and inserting the word "four-hundredths".

5 2. Page 1, line 11, by striking the word  
6 "federal" and inserting the following: "federal  
7 state".

H-5142 FILED FEBRUARY 22, 1988 BY COREY of Louisa

*w/d 3/3 (p 559)*

SENATE FILE 2060

H-5269

1 Amend Senate File 2060 as passed by the Senate  
2 as follows:

3 1. Title page, line 3, by inserting after the  
4 word "permanent," the words "by making a change  
5 related to new construction employers,".

H-5269 FILED MARCH 3, 1988 BY OLLIE of Clinton

ADOPTED BY UNANIMOUS CONSENT

*(p 559)*

SENATE FILE 2060

H-5124

- 1 Amend Senate File 2060 as passed by the Senate as  
2 follows:  
3 1. Page 1, by inserting after line 13 the  
4 following:  
5 "Sec. 3. Section 96.7, subsection 12, paragraph a,  
6 Code Supplement 1987, is amended to read as follows:  
7 a. An employer other than a governmental entity or  
8 a nonprofit organization, subject to this chapter,  
9 shall pay an administrative contribution surcharge  
10 equal in amount to one-tenth six-hundredths of one  
11 percent of federal taxable wages, as defined in  
12 section 96.19, subsection 20, paragraph "b". The  
13 division shall recompute the amount as a percentage of  
14 taxable wages, as defined in section 96.19, subsection  
15 20, and shall add the percentage surcharge to the  
16 employer's contribution rate determined under this  
17 section. The division shall adopt rules prescribing  
18 the manner in which the surcharge will be collected.  
19 Interest shall accrue on all unpaid surcharges under  
20 this subsection at the same rate as on regular  
21 contributions and shall be collectible in the same  
22 manner."  
23 2. By renumbering as required.

H-5124 FILED FEBRUARY 18, 1988 BY COREY of Louisa  
*w/d 5/2 (p 554)*

SENATE FILE 2060

H-5128

- 1 Amend Senate File 2060, as passed by the Senate, as  
2 follows:  
3 1. Page 1, lines 9 and 10, by striking the words  
4 "immediately preceding the computation date" and  
5 inserting the following: "immediately-preceding-the  
6 computation-date".

H-5128 FILED FEBRUARY 18, 1988

BY CARPENTER of Polk  
OLLIE of Clinton

*w/d 5/2 (p 555)*

*Now*  
SENATE FILE 2060  
BY (PROPOSED UNEMPLOYMENT  
INSURANCE STUDY COMMITTEE BILL)

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

A BILL FOR

1 An Act relating to the benefit ratio array system under the  
2 unemployment insurance law by making the benefit ratio array  
3 system permanent, by resolving potential federal conformity  
4 issues concerning new nonconstruction experience-based rates  
5 and access to job service information by business and labor  
6 organizations, by abolishing the special employer contribution  
7 rate for employers with certain negative balance account  
8 histories with retroactive applicability, and by providing an  
9 effective date.

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

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1 Section 1. Section 96.7, subsection 2, paragraph c,  
2 subparagraph (1), Code Supplement 1987, is amended to read as  
3 follows:

4 (1) A nonconstruction contributory employer newly subject  
5 to this chapter shall pay contributions at the rate specified  
6 in the twelfth benefit ratio rank but not less than one  
7 percent until the end of the calendar year in which the  
8 employer's account has been chargeable with benefits for  
9 twenty twelve consecutive calendar quarters immediately  
10 preceding the computation date.

11 Sec. 2. Section 96.7, subsection 2, paragraph d,  
12 unnumbered paragraph 5, Code Supplement 1987, is amended by  
13 striking the unnumbered paragraph.

14 Sec. 3. Section 96.11, subsection 7, paragraph c,  
15 subparagraph (9), Code Supplement 1987, is amended by striking  
16 the subparagraph.

17 Sec. 4. 1987 Iowa Acts, chapter 222, section 10, is  
18 repealed.

19 Sec. 5. APPLICABILITY. Section 2 of this Act applies  
20 retroactively to contribution rates for calendar year 1988 and  
21 subsequent calendar years.

22 Sec. 6. EFFECTIVE DATE. Sections 2 and 5 of this Act,  
23 being deemed of immediate importance, takes effect upon  
24 enactment.

25 EXPLANATION

26 This bill deletes the prospective repeal of the new benefit  
27 ratio array system under the unemployment insurance law. The  
28 bill also addresses two potential federal conformity issues by  
29 giving new nonconstruction employers an experience rating  
30 after 12 quarters of experience, rather than after 20 quarters  
31 of experience, and by deleting the access of business and  
32 labor organization representatives to job service information  
33 regarding employers and claimants.

34 In addition, this bill abolishes the special employer  
35 contribution rate under the unemployment insurance law,

1 established in Senate File 507 (1987 Session), for employers  
2 which have had negative five-year account balance histories on  
3 the last two computation dates. The bill is retroactively  
4 applicable to employer contribution rates for calendar year  
5 1988 and subsequent calendar years and takes effect upon  
6 enactment.

7 COMPANION TO LSB 7117IS

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SENATE FILE 2060

AN ACT

RELATING TO THE BENEFIT RATIO ARRAY SYSTEM UNDER THE UNEMPLOYMENT INSURANCE LAW BY MAKING THE BENEFIT RATIO ARRAY SYSTEM PERMANENT, BY MAKING A CHANGE RELATED TO NEW CONSTRUCTION EMPLOYERS, BY RESOLVING POTENTIAL FEDERAL CONFORMITY ISSUES CONCERNING NEW NONCONSTRUCTION EXPERIENCE-BASED RATES AND ACCESS TO JOB SERVICE INFORMATION BY BUSINESS AND LABOR ORGANIZATIONS, BY ABOLISHING THE SPECIAL EMPLOYER CONTRIBUTION RATE FOR EMPLOYERS WITH CERTAIN NEGATIVE BALANCE ACCOUNT HISTORIES WITH RETROACTIVE APPLICABILITY, AND BY PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 96.7, subsection 2, paragraph c, subparagraph (1), Code Supplement 1987, is amended to read as follows:

(1) A nonconstruction contributory employer newly subject to this chapter shall pay contributions at the rate specified in the twelfth benefit ratio rank but not less than one percent until the end of the calendar year in which the employer's account has been chargeable with benefits for twenty twelve consecutive calendar quarters immediately preceding the computation date.

Sec. 2. Section 96.7, subsection 2, paragraph c, subparagraph (2), Code Supplement 1987, is amended to read as follows:

(2) A construction contributory employer, as defined under rules adopted by the division, which is newly subject to this chapter shall pay contributions at the rate specified in the twenty-first benefit ratio rank until the end of the calendar year in which the employer's account has been chargeable with benefits for twelve consecutive calendar quarters immediately preceding the computation date.

Sec. 3. Section 96.7, subsection 2, paragraph d, unnumbered paragraph 5, Code Supplement 1987, is amended by striking the unnumbered paragraph.

Sec. 4. Section 96.11, subsection 7, paragraph c, subparagraph (9), Code Supplement 1987, is amended by striking the subparagraph.

Sec. 5. 1987 Iowa Acts, chapter 222, section 10, is repealed.

Sec. 6. APPLICABILITY. Section 3 of this Act applies retroactively to contribution rates for calendar year 1988 and subsequent calendar years.

Sec. 7. EFFECTIVE DATE. Sections 3 and 6 of this Act, being deemed of immediate importance, take effect upon enactment.

\_\_\_\_\_  
JO ANN ZIMMERMAN  
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 2060, Seventy-second General Assembly.

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JOHN F. DWYER  
Secretary of the Senate  
Approved March 9, 1988

\_\_\_\_\_  
TERRY E. BRANSTAD  
Governor