

Schuerer  
Behn  
Horn

SSB-1035  
Business & Labor  
Introduced By  
SENATE/HOUSE FILE F/HF 70  
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 concerning unemployment insurance by providing for the  
2 distribution of certain moneys in the unemployment trust fund  
3 and the transfer of experience for unemployment insurance tax  
4 purposes.

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

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

3/11/73  
y8 b8b88888

1 ~~Section 1.~~ Section 96.7, subsection 2, paragraph b,  
2 unnumbered paragraph 1, Code 1999, is amended to read as  
3 follows:

4 If an enterprise or business, or a clearly segregable and  
5 identifiable part of an enterprise or business, for which  
6 contributions have been paid is sold or transferred to a  
7 subsequent employing unit, or if one or more employing units  
8 have been reorganized or merged into a single employing unit,  
9 and the successor employer, having qualified as an employer as  
10 defined in section 96.19, subsection 16, paragraph "b",  
11 continues to operate the enterprise or business, the successor  
12 employer shall assume the position of the predecessor employer  
13 or employers with respect to the predecessors' payrolls,  
14 contributions, accounts, and contribution rates to the same  
15 extent as if no change had taken place in the ownership or  
16 control of the enterprise or business. However, the successor  
17 employer shall not assume the position of the predecessor  
18 employer or employers with respect to the predecessor  
19 employer's or employers' payrolls, contributions, accounts,  
20 and contribution rates which are attributable to that part of  
21 the enterprise or business transferred, unless the successor  
22 employer applies to the department within sixty ninety days  
23 from the date of the partial transfer, and the succession is  
24 approved by the predecessor employer or employers and the  
25 department.

26 Sec. 2. UNEMPLOYMENT COMPENSATION PROGRAM -- FEDERAL  
27 SOCIAL SECURITY ACT FUND CREDITS. Notwithstanding the  
28 provisions of section 96.9, subsection 4, to the contrary,  
29 moneys credited to the account of this state in the  
30 unemployment trust fund by the secretary of the treasury of  
31 the United States pursuant to section 903 of the Social  
32 Security Act for the federal fiscal years beginning October 1,  
33 1999, October 1, 2000, and October 1, 2001, shall be used  
34 solely for the administration of the unemployment compensation  
35 program. Expenditure of the moneys credited during the

1 applicable federal fiscal years shall not be subject to any  
2 provision of law requiring a specific appropriation of that  
3 money for the purpose permitted.

4 EXPLANATION

5 This bill concerns the operation of the unemployment  
6 compensation program.

7 Section 1 of the bill amends Code section 96.7, subsection  
8 2, to extend the length of time from 60 to 90 days for a  
9 successor employer that purchases part of a business to apply  
10 for a partial transfer of experience from the predecessor  
11 employer. This transfer of experience impacts the  
12 contribution rate assessed to the successor employer.

13 Section 2 provides that, for the federal fiscal years  
14 beginning in 1999, 2000, and 2001, moneys credited to the  
15 unemployment trust fund account by the secretary of the  
16 treasury pursuant to section 903 of the federal Social  
17 Security Act shall be used solely for the administration of  
18 the unemployment compensation program in this state and can be  
19 used without a specific appropriation for that purpose. The  
20 section notwithstanding any contrary provision in Code section  
21 96.9, subsection 4, which otherwise governs the use and  
22 expenditure of these federal Social Security Act moneys. This  
23 section conforms to the requirements of the federal Balanced  
24 Budget Act of 1997 which deals with these fund transfers.

25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35



January 6, 1999

TO: Iowa General Assembly  
State Capitol

FROM: Pat Sampson, Legislative Liaison  
Iowa Workforce Development

SUBJECT: Background Statement on legislation relating to Unemployment Insurance  
LSB # 1232

Terry E. Branstad  
Governor

Cynthia P. Eisenhauer  
Director

Section 1 extends the length of time from 60 to 90 days for a successor employer that purchases part of a business to apply for a partial transfer of experience from the predecessor employer.

Currently an employer who purchases part of an existing business may request a partial transfer of experience from the predecessor employer within 60 days if the date of acquisition. Many states allow the same opportunity; however, those states provide a 90 day application period. This bill will provide better service to our customers and will make the application period consistent with other states.

Section 2 - Section 903 of the Social Security Act provides that when the three administrative accounts in the Unemployment Trust Fund reach their statutory limits, the excess amounts will be transferred to the states. These are called "Reed Act" distributions. The Balance Budget Act limits the Reed Act moneys transferred in federal fiscal years 1999, 2000 and 2001 to be used only for expenses incurred by the state for the administration of its unemployment compensation (UC) law. The states may continue to use the Reed Act funds to purchase real property for UC purposes, which can be amortized against UC grant funds. This section complies with the Balanced Budget Act of 1997 (BBA) which requires states to use any Reed Act funds distributed in 1999, 2000 and 2001 strictly for the administration of the unemployment compensation law.

The BBA capped the Reed Act distribution to \$100 million per year for the federal fiscal years 1999, 2000 and 2001. Each state's share will be based on the ratio of the state's allocated UC funds to total funds for all states.

The bill also allows the use of Reed Act funds without a specific appropriation. This is necessary because the distributions occur in October, but the state appropriation must occur the previous April or May and the amount of the distribution will not be known until September.

Work

With

Us.

1000 East Grand Avenue

Des Moines, IA 50319-0209

515-281-5387

800-JOB-IOWA

2/15/99 Commence by  
H. 2/17/99 Do Pass

FILED FEB 1 1999

SENATE FILE 70

BY COMMITTEE ON BUSINESS AND  
LABOR RELATIONS

(SUCCESSOR TO SSB 1035)

Passed Senate, Date <sup>(p.257)</sup> 2/10/99 Passed House, Date <sup>(p.533)</sup> 3/3/99  
Vote: Ayes 47 Nays 1 Vote: Ayes 96 Nays 0  
Approved March 12, 1999

**A BILL FOR**

1 An Act concerning unemployment insurance by providing for the  
2 distribution of certain moneys in the unemployment trust fund  
3 and the transfer of experience for unemployment insurance tax  
4 purposes.

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

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

SF 70

1 Section 1. Section 96.7, subsection 2, paragraph b,  
2 unnumbered paragraph 1, Code 1999, is amended to read as  
3 follows:

4 If an enterprise or business, or a clearly segregable and  
5 identifiable part of an enterprise or business, for which  
6 contributions have been paid is sold or transferred to a  
7 subsequent employing unit, or if one or more employing units  
8 have been reorganized or merged into a single employing unit,  
9 and the successor employer, having qualified as an employer as  
10 defined in section 96.19, subsection 16, paragraph "b",  
11 continues to operate the enterprise or business, the successor  
12 employer shall assume the position of the predecessor employer  
13 or employers with respect to the predecessors' payrolls,  
14 contributions, accounts, and contribution rates to the same  
15 extent as if no change had taken place in the ownership or  
16 control of the enterprise or business. However, the successor  
17 employer shall not assume the position of the predecessor  
18 employer or employers with respect to the predecessor  
19 employer's or employers' payrolls, contributions, accounts,  
20 and contribution rates which are attributable to that part of  
21 the enterprise or business transferred, unless the successor  
22 employer applies to the department within ~~sixty~~ ninety days  
23 from the date of the partial transfer, and the succession is  
24 approved by the predecessor employer or employers and the  
25 department.

26 Sec. 2. UNEMPLOYMENT COMPENSATION PROGRAM -- FEDERAL  
27 SOCIAL SECURITY ACT FUND CREDITS. Notwithstanding the  
28 provisions of section 96.9, subsection 4, to the contrary,  
29 moneys credited to the account of this state in the  
30 unemployment trust fund by the secretary of the treasury of  
31 the United States pursuant to section 903 of the Social  
32 Security Act for the federal fiscal years beginning October 1,  
33 1999, October 1, 2000, and October 1, 2001, shall be used  
34 solely for the administration of the unemployment compensation  
35 program. Expenditure of the moneys credited during the

1 applicable federal fiscal years shall not be subject to any  
2 provision of law requiring a specific appropriation of that  
3 money for the purpose permitted.

4 EXPLANATION

5 This bill concerns the operation of the unemployment  
6 compensation program.

7 Section 1 of the bill amends Code section 96.7, subsection  
8 2, to extend the length of time from 60 to 90 days for a  
9 successor employer that purchases part of a business to apply  
10 for a partial transfer of experience from the predecessor  
11 employer. This transfer of experience impacts the  
12 contribution rate assessed to the successor employer.

13 Section 2 provides that, for the federal fiscal years  
14 beginning in 1999, 2000, and 2001, moneys credited to the  
15 unemployment trust fund account by the secretary of the  
16 treasury pursuant to section 903 of the federal Social  
17 Security Act shall be used solely for the administration of  
18 the unemployment compensation program in this state and can be  
19 used without a specific appropriation for that purpose. The  
20 section notwithstanding any contrary provision in Code section  
21 96.9, subsection 4, which otherwise governs the use and  
22 expenditure of these federal Social Security Act moneys. This  
23 section conforms to the requirements of the federal Balanced  
24 Budget Act of 1997 which deals with these fund transfers.

25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

AN ACT  
 CONCERNING UNEMPLOYMENT INSURANCE BY PROVIDING FOR THE DISTRIBUTION OF CERTAIN MONEYS IN THE UNEMPLOYMENT TRUST FUND AND THE TRANSFER OF EXPERIENCE FOR UNEMPLOYMENT INSURANCE TAX PURPOSES.

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

Section 1. Section 96.7, subsection 2, paragraph b, unnumbered paragraph 1, Code 1999, is amended to read as follows:

If an enterprise or business, or a clearly segregable and identifiable part of an enterprise or business, for which contributions have been paid is sold or transferred to a subsequent employing unit, or if one or more employing units have been reorganized or merged into a single employing unit, and the successor employer, having qualified as an employer as defined in section 96.19, subsection 16, paragraph "b", continues to operate the enterprise or business, the successor employer shall assume the position of the predecessor employer or employers with respect to the predecessors' payrolls, contributions, accounts, and contribution rates to the same extent as if no change had taken place in the ownership or control of the enterprise or business. However, the successor employer shall not assume the position of the predecessor employer or employers with respect to the predecessor employer's or employers' payrolls, contributions, accounts, and contribution rates which are attributable to that part of the enterprise or business transferred, unless the successor employer applies to the department within sixty ninety days from the date of the partial transfer, and the succession is approved by the predecessor employer or employers and the department.

Sec. 2. UNEMPLOYMENT COMPENSATION PROGRAM -- FEDERAL SOCIAL SECURITY ACT FUND CREDITS. Notwithstanding the

provisions of section 96.9, subsection 4, to the contrary, moneys credited to the account of this state in the unemployment trust fund by the secretary of the treasury of the United States pursuant to section 903 of the Social Security Act for the federal fiscal years beginning October 1, 1999, October 1, 2000, and October 1, 2001, shall be used solely for the administration of the unemployment compensation program. Expenditure of the moneys credited during the applicable federal fiscal years shall not be subject to any provision of law requiring a specific appropriation of that money for the purpose permitted.

---

MARY E. KRAMER  
 President of the Senate

---

RON J. CORBETT  
 Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 70, Seventy-eighth General Assembly.

---

MICHAEL E. MARSHALL  
 Secretary of the Senate

Approved March 12, 1999

---

THOMAS J. VILSACK  
 Governor