

McKibben
Dearden
Lundby

SSB-1182
Business & Labor

Succeeded By
SENATE/HOUSE FILE SF/HF 418
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 relating to unemployment compensation by providing that
2 social security pension payments are nondeductible from
3 unemployment benefits.

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

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1 Section 1. Section 96.5, subsection 5, unnumbered
2 paragraph 2, Code 2001, is amended to read as follows:

3 Provided, that if the remuneration is less than the
4 benefits which would otherwise be due under this chapter, the
5 individual is entitled to receive for the week, if otherwise
6 eligible, benefits reduced by the amount of the remuneration.
7 Provided further, if benefits were paid for any week under
8 this chapter for a period when benefits, remuneration or
9 compensation under paragraphs paragraph "a", "b", or "c", were
10 paid on a retroactive basis for the same period, or any part
11 thereof, the department shall recover the excess amount of
12 benefits paid by the department for the period, and no
13 employer's account shall be charged with benefits so paid.
14 However, compensation for service-connected disabilities or
15 compensation for accrued leave based on military service, by
16 the beneficiary, with the armed forces of the United States,
17 irrespective of the amount of the benefit, does not disqualify
18 any individual, otherwise qualified, from any of the benefits
19 contemplated herein. A deduction shall not be made from the
20 amount of benefits payable for a week for individuals
21 receiving federal social security pensions to take into
22 account the individuals' contributions to the pension program.

23 EXPLANATION

24 This bill amends Code section 96.5, subsection 5, by
25 providing that social security pensions are nondeductible from
26 unemployment benefits as allowed by federal law.

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1182



Putting Iowa to Work

Thomas J. Vilsack, Governor

Sally J. Pederson, Lt. Governor

Richard V. Running, Director

MEMORANDUM

DATE: February 19, 2001

TO: General Assembly

FROM: Jane S. Barto, Deputy Director
Iowa Workforce Development
515-281-5082

RE: LSB #1262 DP - An Act relating to unemployment compensation by providing that social security pension payments are nondeductible from unemployment benefits.

In April of 2000, federal law was changed to eliminate the earnings limitation for social security recipients age 65 and older. This was done so older Americans who wanted or needed to continue working after age 65 were not penalized. This bill would follow federal law and not deduct social security benefits from an individual's state unemployment insurance benefits. This would allow older workers the opportunity to continue working in Iowa and provide that they would be eligible for unemployment benefits, without deduction, if they became unemployed through no fault of their own. Removing the deductibility of social security benefits would act as an incentive to attract and keep older individuals in the workforce.

In 1999, 1,335 claims had a social security deduction. The median deduction was \$83. Eighty-two percent of these individuals receiving unemployment insurance benefits and social security benefits had a reduction in unemployment benefits due to their receipt of social security. The average total reduction was just over \$1,000 per person.

This proposal would not require the raising of additional revenue for the Unemployment Insurance Trust Fund. Total additional unemployment benefits paid to older workers would have been \$1.1 million in 1999, and this would be spread among all Iowa employers.

The language in this legislation is taken from the policies of U.S. Department of Labor and is required in this form to meet federal standards.

REPRINTED

FILED MAR 12 '01

SENATE FILE 418
BY COMMITTEE ON BUSINESS
AND LABOR RELATIONS

(SUCCESSOR TO SSB 1182)

Passed Senate, Date 4/4/01 Passed House, ^(P. 1441) Date 4/24/01
Vote: Ayes 48 Nays 0 Vote: Ayes 97 Nays 0
Approved May 3, 2001

A BILL FOR

1 An Act relating to unemployment compensation by providing that
2 social security pension payments are nondeductible from
3 unemployment benefits and providing for coverage for
4 employment by an Indian tribe.

SF 418

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

SENATE FILE 418

S-3178

1 Amend Senate File 418 as follows:

2 1. Page 2, by inserting after line 32 the
3 following:

4 "Sec. 6. EFFECTIVE DATE. This Act, being deemed
5 of immediate importance, takes effect upon enactment."

6 2. Title page, line 4, by inserting after the
7 word "tribe" the following: "and providing an
8 effective date".

By PATRICIA HARPER

S-3178 FILED MARCH 14, 2001

adapted
4/4/01
(p. 970)

1 Section 1. Section 96.5, subsection 5, unnumbered
2 paragraph 2, Code 2001, is amended to read as follows:
3 Provided, that if the remuneration is less than the
4 benefits which would otherwise be due under this chapter, the
5 individual is entitled to receive for the week, if otherwise
6 eligible, benefits reduced by the amount of the remuneration.
7 Provided further, if benefits were paid for any week under
8 this chapter for a period when benefits, remuneration or
9 compensation under paragraphs paragraph "a", "b", or "c", were
10 paid on a retroactive basis for the same period, or any part
11 thereof, the department shall recover the excess amount of
12 benefits paid by the department for the period, and no
13 employer's account shall be charged with benefits so paid.
14 However, compensation for service-connected disabilities or
15 compensation for accrued leave based on military service, by
16 the beneficiary, with the armed forces of the United States,
17 irrespective of the amount of the benefit, does not disqualify
18 any individual, otherwise qualified, from any of the benefits
19 contemplated herein. A deduction shall not be made from the
20 amount of benefits payable for a week for individuals
21 receiving federal social security pensions to take into
22 account the individuals' contributions to the pension program.

23 Sec. 2. Section 96.7, Code 2001, is amended by adding the
24 following new subsection:

25 NEW SUBSECTION. 9. INDIAN TRIBES.

26 a. For purposes of this chapter, employment by an Indian
27 tribe shall be covered in the same manner and terms as
28 provided for governmental entities and the same exclusions
29 that are applicable for governmental entities shall also
30 apply.

31 b. In financing benefits paid to employees of an Indian
32 tribe under this chapter, a contribution rate shall be
33 determined and contributions shall be assessed and collected
34 from an Indian tribe in the same manner provided in this
35 chapter for contributory employers, except that an Indian

1 tribe shall have the option of electing to become a
2 governmental reimbursable employer. An Indian tribe shall
3 have the option to make a separate election as provided in
4 this paragraph for itself and for each subdivision,
5 subsidiary, or business enterprise wholly owned by the Indian
6 tribe. The reimbursable status of an Indian tribe shall be in
7 the same manner, to the same extent, and on the same terms as
8 are applicable to all governmental reimbursable employers
9 under this chapter.

10 c. If the department determines that an Indian tribe has
11 failed to make any payment required pursuant to this chapter
12 after providing the Indian tribe with ninety days notice of
13 this failure, the department may issue a determination that
14 ceases coverage of all employment by that Indian tribe until
15 such time as all payments are received by the department.

16 Sec. 3. Section 96.19, subsection 16, Code 2001, is
17 amended by adding the following new paragraph:

18 NEW PARAGRAPH. n. An Indian tribe, subject to the
19 requirements of section 96.7, subsection 9.

20 Sec. 4. Section 96.19, subsection 18, Code 2001, is
21 amended by adding the following new paragraph:

22 NEW PARAGRAPH. h. Except as otherwise provided in this
23 subsection, "employment" shall include service performed in
24 the employ of an Indian tribe, subject to the requirements of
25 section 96.7, subsection 9.

26 Sec. 5. Section 96.19, Code 2001, is amended by adding the
27 following new subsection:

28 NEW SUBSECTION. 25A. "Indian tribe" shall have the
29 meaning given to the term pursuant to section 4(e) of the
30 federal Indian Self-Determination and Education Assistance
31 Act, and shall include any subdivision, subsidiary, or
32 business enterprise wholly owned by such an Indian tribe.

33 EXPLANATION

34 This bill makes changes in Iowa's unemployment compensation
35 laws.

1 The bill amends Code section 96.5, subsection 5, by
2 providing that social security pensions are nondeductible from
3 unemployment benefits as allowed by federal law.

4 The bill also adds provisions governing unemployment
5 compensation for employees of Indian tribes. The bill defines
6 Indian tribes to include those that are described in the
7 federal Indian Self-Determination and Education Assistance
8 Act. The bill further provides that employment by an Indian
9 tribe shall be covered under Iowa's unemployment compensation
10 statute in the same manner and to the same extent as
11 governmental entities. However, the bill provides that an
12 Indian tribe has the option of being treated as a private
13 contributory employer or as a governmental reimbursable
14 employer for purposes of determining how the Indian tribe
15 shall finance benefits paid to its employees. Finally, the
16 bill provides that if an Indian tribe fails to make a payment
17 required under Iowa's unemployment compensation statute, after
18 90 days' notice of the failure, the department of workforce
19 development may cease unemployment compensation coverage of
20 all employment by the Indian tribe until payment is made.

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2 paragraph 2, Code 2001, is amended to read as follows:

3 Provided, that if the remuneration is less than the
4 benefits which would otherwise be due under this chapter, the
5 individual is entitled to receive for the week, if otherwise
6 eligible, benefits reduced by the amount of the remuneration.
7 Provided further, if benefits were paid for any week under
8 this chapter for a period when benefits, remuneration or
9 compensation under ~~paragraphs~~ paragraph "a", "b", or "c", were
10 paid on a retroactive basis for the same period, or any part
11 thereof, the department shall recover the excess amount of
12 benefits paid by the department for the period, and no
13 employer's account shall be charged with benefits so paid.
14 However, compensation for service-connected disabilities or
15 compensation for accrued leave based on military service, by
16 the beneficiary, with the armed forces of the United States,
17 irrespective of the amount of the benefit, does not disqualify
18 any individual, otherwise qualified, from any of the benefits
19 contemplated herein. A deduction shall not be made from the
20 amount of benefits payable for a week for individuals
21 receiving federal social security pensions to take into
22 account the individuals' contributions to the pension program.

23 Sec. 2. Section 96.7, Code 2001, is amended by adding the
24 following new subsection:

25 NEW SUBSECTION. 9. INDIAN TRIBES.

26 a. For purposes of this chapter, employment by an Indian
27 tribe shall be covered in the same manner and terms as
28 provided for governmental entities and the same exclusions
29 that are applicable for governmental entities shall also
30 apply.

31 b. In financing benefits paid to employees of an Indian
32 tribe under this chapter, a contribution rate shall be
33 determined and contributions shall be assessed and collected
34 from an Indian tribe in the same manner provided in this
35 chapter for contributory employers, except that an Indian

1 tribe shall have the option of electing to become a
2 governmental reimbursable employer. An Indian tribe shall
3 have the option to make a separate election as provided in
4 this paragraph for itself and for each subdivision,
5 subsidiary, or business enterprise wholly owned by the Indian
6 tribe. The reimbursable status of an Indian tribe shall be in
7 the same manner, to the same extent, and on the same terms as
8 are applicable to all governmental reimbursable employers
9 under this chapter.

10 c. If the department determines that an Indian tribe has
11 failed to make any payment required pursuant to this chapter
12 after providing the Indian tribe with ninety days notice of
13 this failure, the department may issue a determination that
14 ceases coverage of all employment by that Indian tribe until
15 such time as all payments are received by the department.

16 Sec. 3. Section 96.19, subsection 16, Code 2001, is
17 amended by adding the following new paragraph:

18 NEW PARAGRAPH. n. An Indian tribe, subject to the
19 requirements of section 96.7, subsection 9.

20 Sec. 4. Section 96.19, subsection 18, Code 2001, is
21 amended by adding the following new paragraph:

22 NEW PARAGRAPH. h. Except as otherwise provided in this
23 subsection, "employment" shall include service performed in
24 the employ of an Indian tribe, subject to the requirements of
25 section 96.7, subsection 9.

26 Sec. 5. Section 96.19, Code 2001, is amended by adding the
27 following new subsection:

28 NEW SUBSECTION. 25A. "Indian tribe" shall have the
29 meaning given to the term pursuant to section 4(e) of the
30 federal Indian Self-Determination and Education Assistance
31 Act, and shall include any subdivision, subsidiary, or
32 business enterprise wholly owned by such an Indian tribe.

33 Sec. 6. EFFECTIVE DATE. This Act, being deemed of
34 immediate importance, takes effect upon enactment.

35

SENATE FILE 418

AN ACT

RELATING TO UNEMPLOYMENT COMPENSATION BY PROVIDING THAT SOCIAL SECURITY PENSION PAYMENTS ARE NONDEDUCTIBLE FROM UNEMPLOYMENT BENEFITS AND PROVIDING FOR COVERAGE FOR EMPLOYMENT BY AN INDIAN TRIBE AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 96.5, subsection 5, unnumbered paragraph 2, Code 2001, is amended to read as follows:

Provided, that if the remuneration is less than the benefits which would otherwise be due under this chapter, the individual is entitled to receive for the week, if otherwise eligible, benefits reduced by the amount of the remuneration. Provided further, if benefits were paid for any week under this chapter for a period when benefits, remuneration or compensation under paragraphs paragraph "a", "b", or "c", were paid on a retroactive basis for the same period, or any part thereof, the department shall recover the excess amount of benefits paid by the department for the period, and no employer's account shall be charged with benefits so paid. However, compensation for service-connected disabilities or compensation for accrued leave based on military service, by the beneficiary, with the armed forces of the United States, irrespective of the amount of the benefit, does not disqualify any individual, otherwise qualified, from any of the benefits contemplated herein. A deduction shall not be made from the amount of benefits payable for a week for individuals receiving federal social security pensions to take into account the individuals' contributions to the pension program.

Sec. 2. Section 96.7, Code 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 9. INDIAN TRIBES.

a. For purposes of this chapter, employment by an Indian tribe shall be covered in the same manner and terms as provided for governmental entities and the same exclusions that are applicable for governmental entities shall also apply.

b. In financing benefits paid to employees of an Indian tribe under this chapter, a contribution rate shall be determined and contributions shall be assessed and collected from an Indian tribe in the same manner provided in this chapter for contributory employers, except that an Indian tribe shall have the option of electing to become a governmental reimbursable employer. An Indian tribe shall have the option to make a separate election as provided in this paragraph for itself and for each subdivision, subsidiary, or business enterprise wholly owned by the Indian tribe. The reimbursable status of an Indian tribe shall be in the same manner, to the same extent, and on the same terms as are applicable to all governmental reimbursable employers under this chapter.

c. If the department determines that an Indian tribe has failed to make any payment required pursuant to this chapter after providing the Indian tribe with ninety days notice of this failure, the department may issue a determination that ceases coverage of all employment by that Indian tribe until such time as all payments are received by the department.

Sec. 3. Section 96.19, subsection 16, Code 2001, is amended by adding the following new paragraph:

NEW PARAGRAPH. n. An Indian tribe, subject to the requirements of section 96.7, subsection 9.

Sec. 4. Section 96.19, subsection 18, Code 2001, is amended by adding the following new paragraph:

NEW PARAGRAPH. h. Except as otherwise provided in this subsection, "employment" shall include service performed in the employ of an Indian tribe, subject to the requirements of

section 96.7, subsection 9.

Sec. 5. Section 96.19, Code 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 25A. "Indian tribe" shall have the meaning given to the term pursuant to section 4(e) of the federal Indian Self-Determination and Education Assistance Act, and shall include any subdivision, subsidiary, or business enterprise wholly owned by such an Indian tribe.

Sec. 6. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

MARY E. KRAMER
President of the Senate

BRENT SIEGRIST
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 418, Seventy-ninth General Assembly.

MICHAEL E. MARSHALL
Secretary of the Senate

Approved 5/3, 2001

THOMAS J. VILSACK
Governor