HP 591

MAR 1 7 2003 Place On Calendar

HOUSE FILE 591

BY COMMITTEE ON ECONOMIC GROWTH

(SUCCESSOR TO HSB 172)

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

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A BILL FOR
 1 An Act relating to the employment security administrative
 2
      contribution surcharge, and providing an effective date.
 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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Section 1. Section 96.7, subsection 12, paragraph a, Code 2 2003, is amended to read as follows: An employer other than a governmental entity or a 4 nonprofit organization, subject to this chapter, shall pay an 5 administrative contribution surcharge equal in amount to one-6 tenth of one percent of federal taxable wages, as defined in 7 section 96.19, subsection 37, paragraph "b", subject to the 8 surcharge formula to be developed by the department under this 9 paragraph. The department shall develop a surcharge formula 10 that provides a target revenue level of no greater than six 11 million five hundred twenty-five thousand dollars annually. 12 The department shall reduce the administrative contribution 13 surcharge established for any calendar year proportionate to 14 any federal government funding that provides an increased 15 allocation of moneys for workforce development offices, under 16 the federal employment services financing reform legislation. 17 Any administrative contribution surcharge revenue that is 18 collected in any calendar year 2002 in excess of six million 19 five hundred twenty-five thousand dollars shall be deducted 20 from the amount to be collected in the subsequent calendar 21 year 2003 before the department establishes the administrative 22 contribution surcharge. The department shall recompute the 23 amount as a percentage of taxable wages, as defined in section 24 96.19, subsection 37, and shall add the percentage surcharge 25 to the employer's contribution rate determined under this 26 section. The percentage surcharge shall be capped at a 27 maximum of seven dollars per employee. The department shall 28 adopt rules prescribing the manner in which the surcharge will 29 be collected. Interest shall accrue on all unpaid surcharges 30 under this subsection at the same rate as on regular 31 contributions and shall be collectible in the same manner. 32 Interest accrued and collected under this paragraph and 33 interest earned and credited to the fund under paragraph "b" 34 shall be used by the department only for the purposes set 35 forth in paragraph "c".

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s.f. _____ H.f. 59
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Sec. 2. Section 96.7, subsection 12, paragraph d, Code 1 2 2003, is amended to read as follows: This subsection is repealed July 1, 2003 2008, and the 4 repeal is applicable to contribution rates for calendar year 5 2004 2009 and subsequent calendar years. Sec. 3. 2001 Iowa Acts, First Extraordinary Session, 7 chapter 2, section 2, unnumbered paragraph 4, is amended to 8 read as follows: The department shall submit a report of its annual 10 departmental offices review to the governor and general 11 assembly by December 21, 2001, by December 21, 2002, and by 12 December 217-2003 of each subsequent calendar year through 13 December 21, 2008. Sec. 4. EFFECTIVE DATE. This Act, being deemed of 15 immediate importance, takes effect upon enactment. 16 **EXPLANATION** This bill extends the repeal of the employment security 17 18 administrative contribution surcharge from July 1, 2003, to 19 July 1, 2008. In addition, the bill extends the requirement 20 to submit an annual review of rural and satellite departmental 21 offices through 2008. 22 The bill takes effect upon enactment. 23 24 25 26 27 28 29 30 31 32 33 34

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HF 591 - Employment Security Legislation (LSB 1236 HV)

Analyst: Russell Trimble (Phone: (515) 281-4613) (russ.trimble@legis.state.ia.us)

Fiscal Note Version — New

Description

House File 591 extends the repeal of the employment security administrative contribution surcharge from July 1, 2003, to July 1, 2008. The surcharge, capped at \$6.5 million, is levied as a percent of an employers gross taxable wage base. The revenue from the surcharge is used to support 56 rural and satellite offices of the Department of Workforce Development and to provide for labor surveys and other labor force related services.

Assumptions

- 1. The surcharge repeal would be extended from July 1, 2003, to July 1, 2008.
- 2. Approximately \$6.5 million in surcharge revenues would continue to be collected.

Fiscal Impact

House File 591 will generate approximately \$6.5 million in revenues for lowa Workforce Development annually from FY 2004 through FY 2007. This is no change compared to revenues generated in FY 2003. However, if House File 591 does not pass, under current law, lowa Workforce Development will incur a loss of \$6.5 million and will have to find alternative sources of funding to keep 56 rural and satellite workforce development offices open.

Source

Iowa Workforce Development

March 18, 2003