

Senate Study Bill 1020 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON CHAPMAN)

A BILL FOR

1 An Act relating to the special employment security contingency
2 fund and funding of an insurance fraud bureau special fund,
3 and including effective date and retroactive applicability
4 provisions.

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

1 Section 1. Section 96.13, subsection 3, paragraph a,
2 subparagraph (1), Code 2019, is amended to read as follows:

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

31 Sec. 2. NEW SECTION. **96.13A Insurance fraud bureau special**
32 **fund.**

33 1. There is created in the state treasury a special fund
34 to be known as the insurance fraud bureau special fund. All
35 interest, fines, and penalties, regardless of when they become

1 payable, collected by the department of workforce development
2 from employers pursuant to section 96.14 shall be paid into the
3 fund. Moneys in the fund are appropriated each fiscal year
4 to the insurance division within the department of commerce
5 to be used for the support and maintenance of the insurance
6 fraud bureau created pursuant to section 507E.2. Moneys in the
7 fund are deposited, administered, and disbursed in the same
8 manner and under the same conditions and requirements as are
9 provided by law for other special funds in the state treasury.
10 Notwithstanding section 12C.7, subsection 2, interest earned
11 on moneys in the fund shall be deposited in and credited to the
12 fund.

13 2. The treasurer of state shall be the custodian of the
14 fund and shall give a separate and additional bond conditioned
15 upon the faithful performance of the treasurer's duties in
16 connection with the fund in an amount and with sureties as
17 shall be fixed and approved by the governor. The premium for
18 the bond shall be paid from the moneys in the fund. All sums
19 recovered on the bond for losses sustained by the fund shall be
20 deposited in the fund. Refunds of interest and penalties shall
21 be paid only from the fund.

22 3. Notwithstanding section 8.33, moneys remaining in the
23 fund at the end of each fiscal year shall not revert to any fund
24 and shall remain in the fund.

25 Sec. 3. 2017 Iowa Acts, chapter 169, section 27, subsection
26 2, as amended by 2018 Iowa Acts, chapter 1169, section 10, is
27 amended by striking the subsection.

28 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies
29 retroactively to July 1, 2018.

30 Sec. 5. EFFECTIVE DATE. This Act, being deemed of immediate
31 importance, takes effect upon enactment.

32 EXPLANATION

33 The inclusion of this explanation does not constitute agreement with
34 the explanation's substance by the members of the general assembly.

35 This bill relates to the creation and funding of the

1 insurance fraud bureau special fund and to the special
2 employment security contingency fund.

3 Currently, the law requires the department of workforce
4 development (IWD) to collect and deposit into the special
5 employment security contingency fund (special fund) all
6 interest, fines, and penalties collected from employers due to
7 their failure to comply with unemployment compensation fund
8 contribution requirements. Some of the moneys in the special
9 fund are allocated to the IWD, some are available to the IWD
10 subject to restrictions, and some are available for use at the
11 discretion of the IWD.

12 The bill still requires the IWD to collect the interest,
13 fines, and penalties; however, the bill provides that the IWD
14 is to deposit such moneys in a newly created insurance fraud
15 bureau special fund. The bill further provides that all moneys
16 deposited are appropriated each fiscal year to the insurance
17 division to be used for the support and maintenance of the
18 insurance fraud bureau. The bill also removes IWD's authority
19 for discretionary spending of moneys in the special fund for
20 fiscal year 2018-2019.

21 The bill applies retroactively to July 1, 2018. The bill
22 takes effect upon enactment.