

HB 1211 -- Unemployment Insurance

Sponsor: St. Onge

This bill makes changes in unemployment insurance. Those changes include:

- (1) The state taxable wage base for calendar year 2005 and thereafter will be \$10,000;
- (2) If the balance in the Unemployment Compensation Trust Fund is less than \$500 million, the wage base will increase by \$1,000 for the subsequent calendar year. If the balance exceeds \$800 million, the wage base will decrease by \$500 for the subsequent calendar year;
- (3) In no event will the state taxable wage base decrease to less than \$7,000;
- (4) The maximum weekly benefit amount for years 2004 and 2005 is not to exceed \$250. For years 2006 and 2007, the amount is not to exceed \$255. For years 2008 and thereafter, the amount is not to exceed \$260;
- (5) Claimants will not be considered ineligible for benefits if they are temporarily unemployed through no fault of their own or if they are participating in a state-approved drug or alcohol treatment program;
- (6) The one-week waiting period which is currently to be compensated if the claimant is unemployed for nine consecutive weeks is repealed;
- (7) Claimants who are dismissed for misconduct connected with their work will have their benefit balance reduced by an amount equal to the number of penalty weeks assessed times their weekly benefit;
- (8) Partially unemployed workers will be paid an amount equal to the difference between their weekly benefit and that part of their wages in excess of \$20 or 20% of their weekly benefit amount, whichever is greater;
- (9) Severance pay is deductible from unemployment benefits;
- (10) If the balance in the Unemployment Trust Fund for the previous four quarters is less than \$700 million, the employer's contribution will increase by 10%. If the balance is less than \$600 million, the contribution will increase by 20%. If the balance is less than \$500 million, the contribution will be

increased by 30%. Notwithstanding the above stated rates, for 2005 each employer's contribution rate is to increase by 40%. An additional .3% for 2005 is to be paid by employers;

(11) The new temporary solvency charge is provided in the bill;

(12) If the Unemployment Compensation Trust Fund for the preceding four quarters is more than \$900 million, the employer's contribution rate will be reduced by 7% for the following calendar year. If the balance exceeds \$1 billion, the employer's contribution rate will be reduced for the following year by 12%; and

(13) Moneys in the Unemployment Compensation Fund are not to be diverted for purposes other than those authorized, and no other fund will be established with employer taxes that are offset by a reduction of unemployment contributions.