

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 26 Session of 2013

INTRODUCED BY W. KELLER, CARROLL, V. BROWN, STURLA, K. BOYLE, RAVENSTAHL, FABRIZIO, O'BRIEN, DONATUCCI, KOTIK, HAGGERTY, SCHLOSSBERG, NEILSON, WHITE, MUNDY, YOUNGBLOOD, GODSHALL, CLAY, KORTZ, READSHAW, BROWNLEE, CALTAGIRONE, THOMAS, DELUCA, MCCARTER, MURT, KINSEY, HARKINS, NEUMAN, B. BOYLE, PARKER, GERGELY AND SNYDER, JANUARY 22, 2013

REFERRED TO COMMITTEE ON LABOR AND INDUSTRY, JANUARY 22, 2013

AN ACT

1 Amending the act of December 5, 1936 (2nd Sp.Sess., 1937
 2 P.L.2897, No.1), entitled "An act establishing a system of
 3 unemployment compensation to be administered by the
 4 Department of Labor and Industry and its existing and newly
 5 created agencies with personnel (with certain exceptions)
 6 selected on a civil service basis; requiring employers to
 7 keep records and make reports, and certain employers to pay
 8 contributions based on payrolls to provide moneys for the
 9 payment of compensation to certain unemployed persons;
 10 providing procedure and administrative details for the
 11 determination, payment and collection of such contributions
 12 and the payment of such compensation; providing for
 13 cooperation with the Federal Government and its agencies;
 14 creating certain special funds in the custody of the State
 15 Treasurer; and prescribing penalties," further providing for
 16 contributions by employees and for trigger rate
 17 redeterminations; and providing for regular contributions by
 18 employees.

19 The General Assembly of the Commonwealth of Pennsylvania
 20 hereby enacts as follows:

21 Section 1. Sections 301.4 and 301.8(b) of the act of
 22 December 5, 1936 (2nd Sp.Sess., 1937 P.L.2897, No.1), known as
 23 the Unemployment Compensation Law, amended June 12, 2012
 24 (P.L.577, No.60), are amended to read:

1 Section 301.4. Contributions by Employes.--(a)
2 Notwithstanding any other provision of this act, each employe
3 shall pay contributions at a rate of zero per centum (0.0%) for
4 calendar year 1989 and at a rate as set forth in section 301.7
5 for each calendar year thereafter of all wages paid for
6 "employment" as defined by the act without regard to the
7 limitation specified in section 4(x)(1) of this act.

8 (b) Each employer subject to this act shall be responsible
9 for withholding and shall withhold, in trust, such contributions
10 from the wages of his employes at the time such wages are paid,
11 and shall report and transmit such deductions to the department
12 for deposit into the Unemployment Compensation Fund [and], the
13 Reemployment Fund and the Administration Fund pursuant to the
14 allocation prescribed in subsection (e), in accordance with
15 rules and procedures established by the department.

16 (c) Any employer who is an individual, or any officer or
17 agent of any employer, who violates the trust provision of this
18 section, fails to withhold, hold in trust or fails to transmit
19 to the department all contributions withheld from the wages of
20 his employes in accordance with the rules and procedure
21 established by the department shall be subject to the provisions
22 of clause (2) of subsection (a) of section 301 and sections 308,
23 308.1, 308.2, 308.3 and 309 of this act.

24 (d) This section shall not be deemed to affect or impair the
25 operation of any State statute or ordinance or resolution of a
26 political subdivision which levies or collects any wage tax or
27 similar tax. Contributions made pursuant to this section are not
28 intended to reduce or otherwise affect any tax on wages or
29 similar tax.

30 (e) Contributions paid under this section shall be allocated

1 by the department between the Unemployment Compensation Fund
2 [and], the Reemployment Fund and the Administration Fund as
3 follows:

4 [(1) Ninety-five per centum (95%) of the contributions on
5 wages paid from January 1, 2013, through September 30, 2017,
6 shall be deposited into the Unemployment Compensation Fund and
7 five per centum (5%) of such contributions shall be deposited
8 into the Reemployment Fund to the extent the contributions are
9 paid on or before December 31, 2017.

10 (2) One hundred per centum (100%) of the contributions on
11 wages paid from January 1, 2013, through September 30, 2017,
12 shall be deposited into the Unemployment Compensation Fund to
13 the extent the contributions are paid on or after January 1,
14 2018.

15 (3) One hundred per centum (100%) of the contributions on
16 wages paid on or after October 1, 2017, shall be deposited into
17 the Unemployment Compensation Fund.]

18 (1) Ninety-five per centum (95%) of the contributions shall
19 be deposited into the Unemployment Compensation Fund.

20 (2) Five per centum (5%) of such contributions shall be
21 deposited as follows:

22 (i) Not less than ten million dollars (\$10,000,000) shall
23 annually be deposited into the Administration Fund with the
24 remaining contributions deposited into the Reemployment Fund to
25 the extent that contributions are paid on or before December 31,
26 2017.

27 (ii) Commencing January 1, 2018, the contributions shall be
28 deposited into the Administration Fund to the extent that such
29 contributions are paid on or after January 1, 2018.

30 (iii) Contributions deposited into the Administration Fund

1 under subparagraphs (i) and (ii) shall be prioritized for costs
2 to improve the efficiency of the unemployment compensation
3 service center system, including costs of increased staffing,
4 training for temporary or intermittent positions to ensure a
5 ready work force as needed, and necessary upgrades to telephone
6 and electronic service center and claims filing systems.

7 Section 301.8. Trigger Rate Redeterminations.--* * *

8 (b) (1) For calendar years 2013 through the year determined
9 under paragraph (4), if the trigger percentage as of July 1 of
10 the preceding calendar year is less than two hundred fifty per
11 centum (250%), the rates determined under paragraph (2) shall
12 apply. For calendar years following the year determined under
13 paragraph (4), if the trigger percentage as of July 1 of the
14 preceding calendar year is less than two hundred fifty per
15 centum (250%), the rates determined under paragraph (3) shall
16 apply.

17 (2) (i) The secretary shall redetermine the rates such that
18 the surcharge assessed under section 301.5 shall yield one
19 hundred million dollars (\$100,000,000), the additional
20 contribution under section 301.2 shall yield two hundred twenty-
21 five million dollars (\$225,000,000), the employe tax under
22 section 301.4 shall yield one hundred sixty-six million six
23 hundred sixty-six thousand six hundred sixty-six dollars
24 (\$166,666,666), and the benefit reduction under section 404(e)
25 (4) shall yield fifty-two million dollars (\$52,000,000).

26 (ii) For calendar years 2018 through the year determined
27 under paragraph (4), notwithstanding the dollar limitation in
28 subparagraph (i), the employe tax rate applicable under section
29 301.4 and redetermined under this paragraph shall not be set at
30 a rate less than eight-hundredths of one per centum (0.08%).

1 (3) (i) The secretary shall redetermine the rates such that
2 the surcharge assessed under section 301.5 shall yield one
3 hundred thirty-eight million dollars (\$138,000,000), the
4 additional contribution under section 301.2 shall yield the sum
5 of three hundred ten million dollars (\$310,000,000) plus the
6 amount determined under paragraph (5), the employe tax under
7 section 301.4 shall yield two hundred thirty million dollars
8 (\$230,000,000), and the benefit reduction under section 404(e)
9 (4) shall yield seventy-two million dollars (\$72,000,000).

10 (ii) Notwithstanding the dollar limitation in subparagraph
11 (i), the employe tax rate applicable under section 301.4 and
12 redetermined under this paragraph shall not be set at a rate
13 less than eight-hundredths of one per centum (0.08%).

14 (4) The calendar year determined under this paragraph shall
15 be the earliest calendar year subsequent to 2012 on December 31
16 of which all of the following apply:

17 (i) There is no unpaid balance of Federal advances under
18 Title XII of the Social Security Act (58 Stat. 790, 42 U.S.C. §
19 1321, et seq.) or interest thereon.

20 (ii) There are no outstanding bond obligations under Article
21 XIV of this act and no bond administrative expenses under
22 Article XIV of this act and no such obligations and no such
23 expenses will be due in the following year.

24 (5) The amount determined under this paragraph shall be the
25 sum of:

26 (i) twenty per centum (20%) of the amount paid from the
27 Unemployment Compensation Fund pursuant to section 1407(c)
28 during the sixty (60) consecutive calendar months ending on June
29 30 of the year in which the redetermination occurs, plus

30 (ii) twenty per centum (20%) of that portion of the amount

1 paid from the Unemployment Compensation Fund pursuant to section
2 1407(c) during the immediately preceding sixty (60) consecutive
3 calendar months that is not recovered by additional
4 contributions paid for calendar years through the calendar year
5 in which the redetermination occurs.

6 * * *

7 Section 2. The act is amended by adding a section to read:

8 Section 301.9. Regular Contributions by Employees.--(a)
9 Notwithstanding any other provision of this act, for every
10 calendar year in which the employe tax under section 301.4 is
11 not effective, each employe shall contribute eight-hundredths of
12 one percent (0.08%) of all wages paid for employment without
13 regard to the limitation specified in section 4(x)(1).

14 (b) Each employer subject to this act shall be responsible
15 for withholding and shall withhold, in trust, such contributions
16 from the wages of his employes at the time such wages are paid,
17 and shall report and transmit such deductions to the department
18 for deposit into the Unemployment Compensation Fund and the
19 Administration Fund pursuant to the allocation prescribed in
20 subsection (e), in accordance with rules and procedures
21 established by the department.

22 (c) Any employer who is an individual, or any officer or
23 agent of any employer, who violates the trust provision of this
24 section, fails to withhold, hold in trust or fails to transmit
25 to the department all contributions withheld from the wages of
26 an employer's employes in accordance with the rules and
27 procedure established by the department shall be subject to the
28 provisions of sections 301(a)(2), 308, 308.1, 308.2, 308.3 and
29 309.

30 (d) This section shall not be deemed to affect or impair the

1 operation of any State statute or ordinance or resolution of a
2 political subdivision which levies or collects any wage tax or
3 similar tax. Contributions made pursuant to this section are not
4 intended to reduce or otherwise affect any tax on wages or
5 similar tax.

6 (e) Contributions paid under this section shall be allocated
7 by the department between the Unemployment Compensation Fund and
8 the Administration Fund as follows:

9 (1) Sixty per centum (60%) of the contributions shall be
10 deposited into the Unemployment Compensation Fund.

11 (2) Forty per centum (40%) of such contributions shall be
12 deposited into the Administration Fund. This money shall be
13 prioritized for costs to improve the efficiency of the
14 unemployment compensation service center system, including costs
15 of increased staffing, training for temporary or intermittent
16 positions to ensure a ready work force as needed, and necessary
17 upgrades to telephone and electronic service center and claims
18 filing systems.

19 Section 3. This act applies as follows:

20 (1) The amendment of section 301.4 of the act shall apply to
21 contributions on wages paid on or after January 1, 2013.

22 (2) The amendment of section 301.8(b) of the act shall apply
23 to the redetermination of employee contribution rates to occur
24 under section 301.8 beginning in 2017 and each fifth year
25 thereafter for purposes of contribution rates for calendar year
26 2018 and thereafter, respectively.

27 Section 4. This act shall take effect immediately.