
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 281 Session of
2013

INTRODUCED BY TARTAGLIONE, FONTANA, COSTA, SCHWANK, SOLOBAY,
HUGHES AND YUDICHAK, JANUARY 23, 2013

REFERRED TO LABOR AND INDUSTRY, JANUARY 23, 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:

25 Section 301.4. Contributions by Employes.--(a)
26 Notwithstanding any other provision of this act, each employe

1 shall pay contributions at a rate of zero per centum (0.0%) for
2 calendar year 1989 and at a rate as set forth in section 301.7
3 for each calendar year thereafter of all wages paid for
4 "employment" as defined by the act without regard to the
5 limitation specified in section 4(x)(1) of this act.

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

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

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

28 (e) Contributions paid under this section shall be
29 allocated by the department between the Unemployment
30 Compensation Fund [and] the Reemployment Fund and the

1 Administration Fund as follows:

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

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

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

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

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

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

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

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

29 (b) (1) For calendar years 2013 through the year determined
30 under paragraph (4), if the trigger percentage as of July 1 of

1 the preceding calendar year is less than two hundred fifty per
2 centum (250%), the rates determined under paragraph (2) shall
3 apply. For calendar years following the year determined under
4 paragraph (4), if the trigger percentage as of July 1 of the
5 preceding calendar year is less than two hundred fifty per
6 centum (250%), the rates determined under paragraph (3) shall
7 apply.

8 (2) (i) The secretary shall redetermine the rates such that
9 the surcharge assessed under section 301.5 shall yield one
10 hundred million dollars (\$100,000,000), the additional
11 contribution under section 301.2 shall yield two hundred twenty-
12 five million dollars (\$225,000,000), the employe tax under
13 section 301.4 shall yield one hundred sixty-six million six
14 hundred sixty-six thousand six hundred sixty-six dollars
15 (\$166,666,666), and the benefit reduction under section 404(e)
16 (4) shall yield fifty-two million dollars (\$52,000,000).

17 (ii) For calendar years 2018 through the year determined
18 under paragraph (4), notwithstanding the dollar limitation in
19 subparagraph (i), the employe tax rate applicable under section
20 301.4 and redetermined under this paragraph shall not be set at
21 a rate less than eight-hundredths of one per centum (0.08%).

22 (3) (i) The secretary shall redetermine the rates such that
23 the surcharge assessed under section 301.5 shall yield one
24 hundred thirty-eight million dollars (\$138,000,000), the
25 additional contribution under section 301.2 shall yield the sum
26 of three hundred ten million dollars (\$310,000,000) plus the
27 amount determined under paragraph (5), the employe tax under
28 section 301.4 shall yield two hundred thirty million dollars
29 (\$230,000,000), and the benefit reduction under section 404(e)
30 (4) shall yield seventy-two million dollars (\$72,000,000).

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

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

8 (i) There is no unpaid balance of Federal advances under
9 Title XII of the Social Security Act (58 Stat. 790, 42 U.S.C. §
10 1321, et seq.) or interest thereon.

11 (ii) There are no outstanding bond obligations under Article
12 XIV of this act and no bond administrative expenses under
13 Article XIV of this act and no such obligations and no such
14 expenses will be due in the following year.

15 (5) The amount determined under this paragraph shall be the
16 sum of:

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

21 (ii) twenty per centum (20%) of that portion of the amount
22 paid from the Unemployment Compensation Fund pursuant to section
23 1407(c) during the immediately preceding sixty (60) consecutive
24 calendar months that is not recovered by additional
25 contributions paid for calendar years through the calendar year
26 in which the redetermination occurs.

27 * * *

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

29 Section 301.9. Regular Contributions by Employes.--(a)
30 Notwithstanding any other provision of this act, for every

1 calendar year in which the employe tax under section 301.4 is
2 not effective, each employe shall contribute eight-hundredths of
3 one percent (0.08%) of all wages paid for employment without
4 regard to the limitation specified in section 4(x)(1).

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

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

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

27 (e) Contributions paid under this section shall be allocated
28 by the department between the Unemployment Compensation Fund and
29 the Administration Fund as follows:

30 (1) Sixty per centum (60%) of the contributions shall be

1 deposited into the Unemployment Compensation Fund.

2 (2) Forty per centum (40%) of such contributions shall be
3 deposited into the Administration Fund. This money shall be
4 prioritized for costs to improve the efficiency of the
5 unemployment compensation service center system, including costs
6 of increased staffing, training for temporary or intermittent
7 positions to ensure a ready work force as needed, and necessary
8 upgrades to telephone and electronic service center and claims
9 filing systems.

10 Section 3. This act applies as follows:

11 (1) The amendment of section 301.4 of the act shall
12 apply to contributions on wages paid on or after January 1,
13 2013.

14 (2) The amendment of section 301.8(b) of the act shall
15 apply to the redetermination of employee contribution rates
16 to occur under section 301.8 beginning in 2017 and each fifth
17 year thereafter for purposes of contribution rates for
18 calendar year 2018 and thereafter, respectively.

19 Section 4. This act shall take effect immediately.