

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 928 Session of 2013

INTRODUCED BY GORDNER, MAY 10, 2013

SENATOR GORDNER, LABOR AND INDUSTRY, AS AMENDED, MAY 14, 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; establishing the Service and
17 Infrastructure Improvement Fund; and further providing for
18 the Unemployment Compensation Fund.

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

21 Section 1. Section 301.4 of the act of December 5, 1936 (2nd
22 Sp.Sess., 1937 P.L.2897, No.1), known as the Unemployment
23 Compensation Law, amended June 12, 2012 (P.L.577, No.60), is
24 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 Service and Infrastructure Improvement
12 Fund pursuant to the allocation prescribed in subsection (e), in
13 accordance with rules and procedures established by the
14 department.

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

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

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

1 Fund [and], the Reemployment Fund and the Service and
2 Infrastructure Improvement Fund as follows:

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

9 (2) [One hundred per centum (100%) of the contributions on
10 wages paid from January 1, 2013, through September 30, 2017,
11 shall be deposited into the Unemployment Compensation Fund to
12 the extent the contributions are paid on or after January 1,
13 2018.] During each calendar year from 2013 through 2016 an
14 amount determined by the secretary with the approval of the
15 Governor shall be deposited into the Service and Infrastructure
16 Improvement Fund. For calendar year 2013, the amount determined
17 under this clause may not exceed forty million dollars
18 (\$40,000,000). For calendar year 2014, the amount determined
19 under this clause may not exceed thirty million dollars
20 (\$30,000,000). For calendar year 2015, the amount determined
21 under this clause may not exceed twenty million dollars
22 (\$20,000,000). For calendar year 2016, the amount determined
23 under this clause may not exceed ten million dollars
24 (\$10,000,000).

25 (3) [One hundred per centum (100%) of the contributions on
26 wages paid on or after October 1, 2017, shall be deposited into
27 the Unemployment Compensation Fund.] The remaining contributions
28 shall be deposited into the Unemployment Compensation Fund.

29 (4) The department may deposit contributions in accordance
30 with clause (2) before depositing contributions in accordance

1 with clauses (1) and (3).

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

3 Section 301.9. Service and Infrastructure Improvement

4 Fund.--(a) There is established a restricted account in the
5 State Treasury to be known as the Service and Infrastructure
6 Improvement Fund.

7 (b) Moneys in the Service and Infrastructure Improvement
8 Fund shall consist of contributions deposited into the fund
9 pursuant to section 301.4(e)(2).

10 (c) Moneys in the Service and Infrastructure Improvement
11 Fund are appropriated on a continuing basis, upon approval of
12 the Governor, to the department for the following purposes:

13 (1) To improve the quality, efficiency and timeliness of
14 services provided by the service center system to individuals
15 claiming compensation under this act, including claim filing,
16 claim administration and adjudication services.

17 (2) Expenditures for information management technology,
18 communications technology and other infrastructure components
19 that the secretary determines are likely to result in
20 significant and lasting improvements to the unemployment
21 compensation system.

22 (3) To pay the costs of collecting the contributions
23 deposited into the Service and Infrastructure Improvement Fund
24 pursuant to section 301.4(e)(2).

25 (D) NO MONEYS IN THE SERVICE AND INFRASTRUCTURE IMPROVEMENT <--
26 FUND MAY BE EXPENDED OR OBLIGATED FOR A PURPOSE THAT WOULD
27 RESULT IN A VIOLATION OF THE MERIT STAFFING REQUIREMENT OF
28 SECTION 303(A)(1) OF THE SOCIAL SECURITY ACT (49 STAT. 620, 42
29 U.S.C. § 503(A)(1)).

30 ~~(d)~~ (E) Any moneys in the Service and Infrastructure <--

1 Improvement Fund that are not expended or obligated as of
2 December 31, 2018, shall be transferred to the Unemployment
3 Compensation Fund under section 601.

4 ~~(e)~~ (F) Moneys in the Service and Infrastructure Improvement <--
5 Fund shall not lapse at any time nor be transferred to any other
6 fund except as provided in subsection ~~(d)~~ (E). <--

7 ~~(f)~~ (G) No later than June 30 of each calendar year from <--
8 2014 through 2019 the department shall provide a report to the
9 Governor and the General Assembly, through the Secretary-
10 Parliamentarian of the Senate and the Chief Clerk of the House
11 of Representatives, regarding the Service and Infrastructure
12 Improvement Fund, which report shall include an accounting for
13 the contributions deposited into the fund, the expenditures and
14 transfers from the fund during the prior year and a description
15 of the purposes for which expenditures from the fund were made
16 in the prior year.

17 Section 3. Section 601(a) of the act, amended June 12, 2012
18 (P.L.577, No.60), is amended to read:

19 Section 601. Unemployment Compensation Fund.--(a) There is
20 hereby created a special fund separate and apart from all public
21 moneys or funds of this Commonwealth to be known as the
22 Unemployment Compensation Fund. All contributions paid by
23 employers and employes, together with penalties and interest
24 thereon, received or collected by the department from employers
25 under the provisions of this act, except contributions which are
26 to be paid into the Reemployment Fund and the Service and
27 Infrastructure Improvement Fund as provided in section 301.4(e),
28 such penalties and interest which are to be paid into the
29 Special Administration Fund as provided in section 601.1 and
30 taxes collected under section 301.6 of this act which are to be

1 paid into the Debt Service Fund as provided in section 601.2,
2 shall be paid into the Unemployment Compensation Fund, and shall
3 be credited by the department to a ledger account to be known as
4 the Employers' Contribution Account. Contributions which are to
5 be paid into the Reemployment Fund and the Service and
6 Infrastructure Improvement Fund as provided in section 301.4(e),
7 interest and penalties which are to be credited to the Special
8 Administration Fund and taxes collected under section 301.6 may
9 be temporarily held in the Employers' Contribution Account
10 solely for clearance purposes prior to transfer to the
11 Reemployment Fund, the Service and Infrastructure Improvement
12 Fund, the Special Administration Fund or the Debt Service Fund
13 and while so held in the Employers' Contribution Account shall
14 not be deemed a part of the Unemployment Compensation Fund. All
15 moneys from time to time received and credited to the Employers'
16 Contribution Account (exclusive of refunds made under section
17 311, contributions transferred to the Reemployment Fund and the
18 Service and Infrastructure Improvement Fund pursuant to section
19 301.4(e) and interest and penalties transferred as herein
20 provided to the Special Administration Fund and taxes
21 transferred to the Debt Service Fund) shall be paid promptly by
22 the department into the Unemployment Compensation Fund, except
23 as otherwise provided in section 605 of this act. All moneys
24 credited to this Commonwealth's account in the Unemployment
25 Compensation Fund pursuant to section 903 of the Federal Social
26 Security Act (42 U.S.C. § 1103) shall be included in the
27 Unemployment Compensation Fund.

28 * * *

29 Section 4. This act shall take effect immediately.