

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 928 Session of 2013

INTRODUCED BY GORDNER, MAY 10, 2013

SENATOR CORMAN, APPROPRIATIONS, RE-REPORTED AS AMENDED, JUNE 10, 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). FOR CALENDAR YEARS 2015 AND 2016, THE AMOUNT~~ <--
25 ~~DETERMINED UNDER THIS CLAUSE FOR EACH CALENDAR YEAR MAY NOT~~
26 ~~EXCEED ONE HUNDRED AND NINETY MILLION DOLLARS (\$190,000,000)~~
27 ~~ADJUSTED BY THE INCREASE IN THE BUREAU OF LABOR STATISTICS~~
28 ~~CONSUMER PRICE INDEX FOR THE PERIOD FROM MAY 2013, THROUGH~~
29 ~~JANUARY OF THE CALENDAR YEAR LESS THE AMOUNT OF FEDERAL~~
30 ~~ADMINISTRATIVE FUNDING FOR THE PRECEDING FISCAL YEAR.~~

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

5 (4) The department may deposit contributions in accordance
6 with clause (2) before depositing contributions in accordance
7 with clauses (1) and (3).

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

9 Section 301.9. Service and Infrastructure Improvement
10 Fund.--(a) There is established a restricted account in the
11 State Treasury to be known as the Service and Infrastructure
12 Improvement Fund.

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

16 (c) Moneys in the Service and Infrastructure Improvement
17 Fund are appropriated on a continuing basis, upon approval of
18 the Governor, to the department TO BE PRIORITIZED for the <--
19 following purposes:

20 (1) To improve the quality, efficiency and timeliness of
21 services provided by the service center system to individuals
22 claiming compensation under this act, including claim filing,
23 claim administration and, adjudication services AND STAFFING AND <--
24 TRAINING OF SYSTEM EMPLOYEES.

25 (2) Expenditures for information management technology,
26 communications technology and other infrastructure components
27 that the secretary determines are likely to result in
28 significant and lasting improvements to the unemployment
29 compensation system.

30 (3) To pay the costs of collecting the contributions

1 deposited into the Service and Infrastructure Improvement Fund
2 pursuant to section 301.4(e)(2).

3 ~~(d) No moneys in the Service and Infrastructure Improvement~~ <--
4 ~~Fund may be expended or obligated for a purpose that would~~
5 ~~result in a violation of the merit staffing requirement of~~
6 ~~section 303(a)(1) of the Social Security Act (49 Stat. 620, 42~~
7 ~~U.S.C. § 503(a)(1)).~~

8 (D) CONSISTENT WITH THE MERIT STAFFING REQUIREMENT OF <--
9 SECTION 303(A)(1) OF THE SOCIAL SECURITY ACT (49 STAT. 620, 42
10 U.S.C. §503(A)(1)), NO MONEY IN THE SERVICE AND INFRASTRUCTURE
11 IMPROVEMENT FUND MAY BE EXPENDED OR OBLIGATED TO A THIRD PARTY
12 TO PERFORM UNEMPLOYMENT COMPENSATION SERVICES OF THE DEPARTMENT,
13 EXCEPT FOR SERVICES RELATING TO TECHNOLOGY AND INFRASTRUCTURE
14 COMPONENTS DEEMED NECESSARY BY THE SECRETARY UNDER SUBSECTION
15 (C)(2).

16 (e) Any moneys in the Service and Infrastructure Improvement
17 Fund that are not expended or obligated as of December 31, 2018,
18 shall be transferred to the Unemployment Compensation Fund under
19 section 601.

20 (f) Moneys in the Service and Infrastructure Improvement
21 Fund shall not lapse at any time nor be transferred to any other
22 fund except as provided in subsection (e).

23 (g) No later than June 30 of each calendar year from 2014
24 through 2019 the department shall provide a report to the
25 Governor and the General Assembly, through the Secretary-
26 Parliamentarian of the Senate and the Chief Clerk of the House
27 of Representatives, regarding the Service and Infrastructure
28 Improvement Fund, which report shall include an accounting for
29 the contributions deposited into the fund, the expenditures and
30 transfers from the fund during the prior year and a description

1 of the purposes for which expenditures from the fund were made
2 in the prior year.

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

5 Section 601. Unemployment Compensation Fund.--(a) There is
6 hereby created a special fund separate and apart from all public
7 moneys or funds of this Commonwealth to be known as the
8 Unemployment Compensation Fund. All contributions paid by
9 employers and employes, together with penalties and interest
10 thereon, received or collected by the department from employers
11 under the provisions of this act, except contributions which are
12 to be paid into the Reemployment Fund and the Service and
13 Infrastructure Improvement Fund as provided in section 301.4(e),
14 such penalties and interest which are to be paid into the
15 Special Administration Fund as provided in section 601.1 and
16 taxes collected under section 301.6 of this act which are to be
17 paid into the Debt Service Fund as provided in section 601.2,
18 shall be paid into the Unemployment Compensation Fund, and shall
19 be credited by the department to a ledger account to be known as
20 the Employers' Contribution Account. Contributions which are to
21 be paid into the Reemployment Fund and the Service and
22 Infrastructure Improvement Fund as provided in section 301.4(e),
23 interest and penalties which are to be credited to the Special
24 Administration Fund and taxes collected under section 301.6 may
25 be temporarily held in the Employers' Contribution Account
26 solely for clearance purposes prior to transfer to the
27 Reemployment Fund, the Service and Infrastructure Improvement
28 Fund, the Special Administration Fund or the Debt Service Fund
29 and while so held in the Employers' Contribution Account shall
30 not be deemed a part of the Unemployment Compensation Fund. All

1 moneys from time to time received and credited to the Employers'
2 Contribution Account (exclusive of refunds made under section
3 311, contributions transferred to the Reemployment Fund and the
4 Service and Infrastructure Improvement Fund pursuant to section
5 301.4(e) and interest and penalties transferred as herein
6 provided to the Special Administration Fund and taxes
7 transferred to the Debt Service Fund) shall be paid promptly by
8 the department into the Unemployment Compensation Fund, except
9 as otherwise provided in section 605 of this act. All moneys
10 credited to this Commonwealth's account in the Unemployment
11 Compensation Fund pursuant to section 903 of the Federal Social
12 Security Act (42 U.S.C. § 1103) shall be included in the
13 Unemployment Compensation Fund.

14 * * *

15 Section 4. This act shall take effect immediately.