

STATE OF OKLAHOMA

2nd Session of the 44th Legislature (1994)

HOUSE BILL NO. 1868

By: Caldwell

AS INTRODUCED

An Act relating to labor; providing for a reduction of certain contributions relating to the Employment Security Act of 1980; specifying certain employers eligible for rate reduction; specifying such rate reduction; providing certain conditions for suspension of such reduction; amending 40 O.S. 1991, Section 3-113, which relates to conditional factors to establish contribution rates; modifying certain conditional factors; providing for codification; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3-102.1 of Title 40, unless there is created a duplication in numbering, reads as follows:

REDUCTION OF CONTRIBUTIONS. A. Employers Eligible for Rate Reduction. This section shall not apply to state or federal government employers, political subdivisions of the state or federal government employers, or employers eligible to make payments in lieu of contributions. The rate reduction provisions of this section shall be included in the normal calculation process for employer

contributions and shall apply only to experience-rated employers as determined under the Employment Security Act of 1980, who meet the following criteria:

1. Employers who have no delinquent or outstanding reports or contributions due or payable to the Commission for any calendar quarter ending prior to January 1, 1993; and

2. Employers who are in full and timely compliance with all reporting and payment requirements under the Employment Security Act of 1980, and Commission rules for each calendar quarter during the period of such reduction of contributions. A failure to make full or timely report or payment for any such quarter during the period of reduction will cause such employer to be ineligible for the reduction for that quarter.

B. Rate Reduction. Unless otherwise provided by law, each employer eligible will receive a reduction in their quarterly contributions due from each such employer under the Employment Security Act of 1980, as follows:

1. Thirty percent (30%) reduction of the contributions due for the four calendar quarters in calendar year 1995, for a statewide total contribution reduction amount of a sum not less than Thirty-three Million Nine Hundred Ninety-four Thousand Two Hundred Dollars (\$33,994,200.00);

2. Twenty-six percent (26%) reduction of the contributions due for the four calendar quarters in calendar year 1996, for a statewide total contribution reduction amount of a sum not less than Thirty-six Million One Hundred Sixty-four Thousand Seven Hundred Dollars (\$36,164,700.00); and

3. Twenty percent (20%) reduction of the contributions due for the four calendar quarters in calendar year 1997, for a statewide total contribution reduction amount of a sum not less than Thirty Million Eleven Thousand Four Hundred Dollars (\$30,011,400.00).

C. Suspension of Reduction Based on Financial Condition of Fund. Prior to the beginning of any calendar year for which a rate reduction shall apply, the Commission shall prepare an estimate and projection of the financial condition of the fund. No rate reduction shall be authorized or implemented under the provisions of this section if the Commission determines there would likely be an increase in the state conditional factor under Section 3-113 of Title 40 of the Oklahoma Statutes during or after such year.

SECTION 2. AMENDATORY 40 O.S. 1991, Section 3-113, is amended to read as follows:

Section 3-113. CONDITIONAL FACTORS. For each calendar year commencing after December 31, 1977, except for those employers with a benefit wage ratio of zero (0) and as otherwise provided in this section, the contribution rate for each employer for such calendar year shall be increased, in the circumstances and in the amounts as follows:

(1) - Condition "a" - If at the beginning of each such year the balance of the unemployment compensation fund is less than ~~three and one-half (3 1/2)~~ two (2) times, but not less than ~~three (3)~~ one and one-half (1 1/2) times, the net benefits paid for the most recent five (5) consecutive completed calendar years divided by five (5), the contribution rate for each employer whose benefit wage ratio with respect to such year is zero percent (0%) shall be increased by one-tenth of one percent (1/10 of 1%) of wages paid by him during such year; such contribution rate for each employer whose benefit rate wage ratio with respect to such year is more than zero percent (0%), but not more than one-tenth of one percent (1/10 of 1%), shall be increased by two-tenths of one percent (2/10 of 1%) of wages paid by him during such year and such contribution rate for each employer whose benefit wage ratio with respect to such year is more than one-tenth of one percent (1/10 of 1%), shall be increased by

three-tenths of one percent ($3/10$ of 1%) of wages paid by him during such year.

(2) - Condition "b" - If at the beginning of each such year the balance of the unemployment compensation fund is less than ~~three (3)~~ one and one-half ($1\ 1/2$) times, but not less than ~~two and one-half ($2\ 1/2$)~~ one (1) time, the net benefits paid for the most recent five (5) consecutive completed calendar years divided by five (5), the contribution rate for each employer shall be increased by thirty-three and one-third percent ($33\ 1/3\%$) of such rate; provided that such total rate, if not a multiple of one-tenth of one percent ($1/10$ of 1%), shall be computed to the next higher multiple of one-tenth of one percent ($1/10$ of 1%) of wages paid by him during such year; provided, further, that such contribution rate for each employer whose benefit wage ratio with respect to such year is zero percent (0%) shall be increased by two-tenths of one percent ($2/10$ of 1%) of wages paid by him during such year; such contribution rate for each employer whose benefit wage ratio with respect to such year is more than zero percent (0%), but not more than one-tenth of one percent ($1/10$ of 1%), shall be increased by three-tenths of one percent ($3/10$ of 1%) of wages paid by him during such year; and such contribution rate for each employer whose benefit wage ratio with respect to such year is more than one-tenth of one percent ($1/10$ of 1%), shall be increased by at least four-tenths of one percent ($4/10$ of 1%) of wages paid by him during such year.

(3) - Condition "c" - If at the beginning of each such year the balance of the unemployment compensation fund is less than ~~two and one-half ($2\ 1/2$)~~ one (1) time, but not less than ~~two (2)~~ one-half ($1/2$) times, the net benefits paid for the most recent five (5) consecutive completed calendar years divided by five (5), the contribution rate for each employer shall be increased by one-half ($1/2$) of such rate; provided that such total rate, if not a multiple of one-tenth of one percent ($1/10$ of 1%), shall be computed to the

next higher multiple of one-tenth of one percent (1/10 of 1%) of wages paid by him during such year; provided, further, that such contribution rate for each employer whose benefit wage ratio with respect to such year is zero percent (0%) shall be increased by three-tenths of one percent (3/10 of 1%) of wages paid by him during such year; such contribution rate for each employer whose benefit wage ratio with respect to such year is more than zero percent (0%), but not more than one-tenth of one percent (1/10 of 1%), shall be increased by four-tenths of one percent (4/10 of 1%) of wages paid by him during such year; and such contribution rate for each employer whose benefit wage ratio with respect to such year is more than one-tenth of one percent (1/10 of 1%), shall be increased by at least five-tenths of one percent (5/10 of 1%) of wages paid by him during such year.

(4) - Condition "d" - If at the beginning of each such year the balance of the unemployment compensation fund is less than ~~two (2)~~ one-half (1/2) times the net benefits paid for the most recent five (5) consecutive completed calendar years divided by five (5), the contribution rate for each employer shall be increased by sixty-six and two-thirds percent (66 2/3%) of such rate; provided that such total rate, if not a multiple of one-tenth of one percent (1/10 of 1%) shall be computed to the next higher multiple of one-tenth of one percent (1/10 of 1%) of wages paid by him during such year; provided, further, that such contribution rate for each employer whose benefit wage ratio with respect to such year is zero percent (0%) shall be increased by four-tenths of one percent (4/10 of 1%) of wages paid by him during such year; such contribution rate for each employer whose benefit wage ratio with respect to such year is more than zero percent (0%), but not more than one-tenth of one percent (1/10 of 1%), shall be increased by five-tenths of one percent (5/10 of 1%) of wages paid by him during such year; such contribution rate for each employer whose benefit wage ratio with

respect to such year is more than one-tenth of one percent (1/10 of 1%), shall be increased by at least six-tenths of one percent (6/10 of 1%) of wages paid by him during such year.

(5) The contribution rate, excluding any surcharge, for an employer whose contribution rate is three and four-tenths percent (3.4%) or more shall not be increased by more than two (2) percentage points in any one (1) year. The contribution rate, excluding any surcharge, for an employer whose contribution rate is less than three and four-tenths percent (3.4%) shall not be increased to more than five and four-tenths percent (5.4%) in one (1) year.

For purposes of this section "net benefits paid for the most recent five (5) consecutive completed calendar years" means the total amount of monies withdrawn from this state's account in the unemployment trust fund in the United States Treasury for each of the most recent five (5) consecutive completed calendar years, plus the balance of such monies in the benefit account at the start of such period, less the balance of such monies in the benefit account at end of such period. The contribution rate for those employers with a benefit wage ratio of zero (0) shall be two-tenths of one percent (2/10 of 1%) during those years when the fund is in conditions "a", "b", and "c", and shall be three-tenths of one percent (3/10 of 1%) during those years when the fund is in condition "d".

(6) There is hereby created a Special Surtax Fund. All money collected from the surtax imposed pursuant to this paragraph shall be transferred from the clearing account to the Special Surtax Fund. Funds in the Special Surtax Fund shall be used for repayments to the state's account in the unemployment trust fund for amounts previously withdrawn for refunds of employer contributions made pursuant to the requirements of paragraph (5) of this section. After Three Million Nine Hundred Sixty-nine Thousand Two Hundred

Seventy-three Dollars and twenty-eight cents (\$3,969,273.28) has been deposited in the state's account in the unemployment trust fund any remaining balance in the Special Surtax Fund shall also be transferred to the fund. When all such transfers have been made the Special Surtax Fund shall cease to exist.

Notwithstanding any other provision, for the first calendar quarter of 1987, the maximum assignable contribution rate shall be five and four-tenths percent (5.4%). A special surtax shall be assigned to employers who would, in the absence of the preceding sentence, be assigned a rate in excess of five and four-tenths percent (5.4%). The Commission shall determine the rate of surtax to be assigned to each employer to whom this provision applies in the same manner used to assign contribution rates pursuant to this article. The provisions for collecting past-due contributions shall apply to collection of the surtax. The surtax collected shall after deposit in the clearing account be transferred to the Special Surtax Fund.

SECTION 3. This act shall become effective July 1, 1994.

SECTION 4. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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