

1 ENGROSSED SENATE
2 BILL NO. 1533

By: Leftwich of the Senate

3 and

4 Watson of the House

5
6
7 [labor - Oklahoma Unemployment Insurance Trust Fund
8 Security Act of 2008 - codification -
9 noncodification -
10 effective date]

11
12 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

13 SECTION 1. NEW LAW A new section of law not to be
14 codified in the Oklahoma Statutes reads as follows:

15 This act shall be known and may be cited as the "Oklahoma
16 Unemployment Insurance Trust Fund Security Act of 2008".

17 SECTION 2. NEW LAW A new section of law not to be
18 codified in the Oklahoma Statutes reads as follows:

19 The State of Oklahoma finds that the programs administered by
20 the Oklahoma Employment Security Commission are necessary for the
21 economic well being of workers and employers in Oklahoma. Due to
22 recent funding shortfalls by the federal government, the
23 effectiveness and integrity of the Oklahoma Employment Security
24 Commission programs are being compromised, and this will in turn

1 have a negative impact on Oklahoma's Unemployment Trust Fund. If
2 the balance of the Unemployment Trust Fund is reduced by large
3 layoffs, fraud and abuse, or a failure to reemploy laid-off workers
4 as quickly as possible, all Oklahoma workers and employers will be
5 financially impacted. If the balance of the Unemployment Trust Fund
6 falls, benefits to laid off workers will be reduced and taxes to
7 employers will be increased.

8 In order to avoid these adverse consequences, it is the
9 intention of the State of Oklahoma that programs should be put in
10 place and maintained that will use reemployment services to reduce
11 the duration of unemployment claims when they occur, and combat
12 fraud and abuse of the system. This will have the effect of
13 increasing Oklahoma's economic competitiveness with other states and
14 modernize the unemployment insurance system.

15 SECTION 3. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 3-109.3 of Title 40, unless
17 there is created a duplication in numbering, reads as follows:

18 Notwithstanding the provisions of Sections 3-103, 3-109, 3-110,
19 and 3-113 of Title 40 of the Oklahoma Statutes, for any tax year
20 beginning after December 31, 2010, the contribution rate assigned to
21 an employer shall be reduced by six percent (6%). Provided, the tax
22 rate of employers assigned a tax rate pursuant to Sections 3-103 and
23 3-110 of Title 40 of the Oklahoma Statutes shall not be reduced to
24 less than one percent (1%). Provided further, employers who qualify

1 for an earned rate calculated pursuant to Section 3-109 of Title 40
2 of the Oklahoma Statutes, and are given the highest rate in the rate
3 scale, shall not be eligible for the rate reduction provided for in
4 this section.

5 SECTION 4. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 6-201 of Title 40, unless there
7 is created a duplication in numbering, reads as follows:

8 A. There is hereby created in the State Treasury a revolving
9 fund for the Oklahoma Employment Security Commission to be
10 designated the "OESC Administrative Fund". The OESC Administrative
11 Fund shall be separate and distinct from the Unemployment
12 Compensation Fund, and all other special funds, and shall consist
13 of:

14 1. All monies received from employers and paid pursuant to
15 Section 7 of this act;

16 2. All other sums, from whatever source, received by the
17 Commission and paid into the OESC Administrative Fund; and

18 3. Property and securities acquired by and through the use of
19 monies in the OESC Administrative Fund.

20 B. The OESC Administrative Fund shall be a continuing fund, not
21 subject to fiscal year limitations. All monies accruing to the
22 credit of the OESC Administrative Fund are hereby appropriated and
23 shall be budgeted and expended for the purposes set forth in Section
24 5 of this act. Expenditures from the OESC Administrative Fund shall

1 be made upon warrants issued by the State Treasurer against claims
2 filed, as prescribed by law, with the Director of State Finance for
3 approval and payment.

4 SECTION 5. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 6-202 of Title 40, unless there
6 is created a duplication in numbering, reads as follows:

7 A. Subject to the limitations set out in subsection B of this
8 section, the monies in the OESC Administrative Fund shall only be
9 used to pay any expenses incurred by the Oklahoma Employment
10 Security Commission in the administration of any program or service
11 under the control of the Oklahoma Employment Security Commission.

12 B. 1. The Oklahoma Employment Security Commission may withdraw
13 a maximum of Ten Million Dollars (\$10,000,000.00) per calendar year
14 from the OESC Administrative Fund for administrative expenses
15 described in subsection A of this section.

16 2. Any money remaining in the fund, after the maximum amount
17 has been withdrawn or transferred under paragraph 1 of this
18 subsection, shall be held in the fund for use in a future year or
19 deposited in the Unemployment Trust Fund pursuant to the provisions
20 of Section 7 of this act.

21 SECTION 6. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 6-203 of Title 40, unless there
23 is created a duplication in numbering, reads as follows:

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1 A. The State Treasurer shall be the custodian and treasurer of
2 the OESC Administrative Fund.

3 B. The State Treasurer shall deposit the monies belonging to
4 the OESC Administrative Fund that are in his or her custody, subject
5 to the provisions of Sections 5 and 7 of this act.

6 C. The State Treasurer, as custodian of the OESC Administrative
7 Fund, shall hold, invest, transfer, sell, deposit and release those
8 monies, properties or securities in a manner approved by the
9 Oklahoma Employment Security Commission. Provided, however, that
10 those monies shall be invested in the classes of securities legal
11 for investment of public monies of this state. Provided further,
12 the investment shall at all times be so made that all assets of the
13 OESC Administrative Fund shall always be readily convertible into
14 cash when needed for any expenditure authorized in Section 5 of this
15 act.

16 SECTION 7. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 6-204 of Title 40, unless there
18 is created a duplication in numbering, reads as follows:

19 A. 1. For any tax year beginning after December 31, 2010, each
20 employer subject to the provisions of Sections 3-103, 3-109 and 3-
21 110 of Title 40 of the Oklahoma Statutes shall be required to pay an
22 OESC Administrative Fund assessment equal to six percent (6%) of the
23 unemployment contributions that would be owed to the Oklahoma
24 Employment Security Commission before any rate reduction is made

1 pursuant to Section 3 of this act. This assessment shall be in
2 addition to any contribution which that employer is required to make
3 pursuant to the provisions of the Employment Security Act of 1980.

4 2. The assessment provided for in this section shall not be
5 considered part of any contribution required of an individual
6 employer pursuant to the Employment Security Act of 1980, nor shall
7 it be considered for purposes of determining the individual
8 employers contribution rate.

9 B. Employers assigned a tax rate pursuant to Sections 3-103 and
10 3-110 of Title 40 of the Oklahoma Statutes shall pay an OESC
11 Administrative Fund assessment equal to the rate reduction granted
12 them pursuant to Section 3 of this act.

13 C. Employers who qualify for an earned rate calculated pursuant
14 to Section 3-109 of Title 40 of the Oklahoma Statutes, and are given
15 the highest rate in the rate scale, shall be exempt from the
16 provisions of this section.

17 D. Employers making payments in lieu of contributions pursuant
18 to Sections 3-702, 3-705 and 3-806 of Title 40 of the Oklahoma
19 Statutes shall be exempt from the provisions of this section.

20 E. The assessment shall be made and collected by the Oklahoma
21 Employment Security Commission for deposit, on a quarterly basis, to
22 the credit of the OESC Administrative Fund. Provided, all monies
23 received by the Oklahoma Employment Security Commission for the
24 account of the OESC Administrative Fund, upon receipt, shall be

1 deposited in a clearance account in a financial institution located
2 in this state.

3 F. On December 31 of each year, the Chief Financial Officer of
4 the Oklahoma Employment Security Commission will certify the balance
5 in the OESC Administrative Fund. If the balance of the fund is more
6 than Fifteen Million Dollars (\$15,000,000.00), the Chief Financial
7 Officer shall further certify the amount over that sum as excess
8 funds. The Chief Financial Officer will transfer the certified
9 amount of excess funds to the Unemployment Trust Fund for the State
10 of Oklahoma. The transfer will occur in one payment on or before
11 January 15, following a certification that excess funds as defined
12 in this subsection exist.

13 G. The Oklahoma Employment Security Commission shall promulgate
14 such rules as may be necessary to implement the provisions of this
15 act.

16 SECTION 8. This act shall become effective November 1, 2008.

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