

1 STATE OF OKLAHOMA

2 2nd Session of the 51st Legislature (2008)

3 SENATE BILL 1533

By: Leftwich

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5  
6 AS INTRODUCED

7 An Act relating to labor; creating the Oklahoma  
8 Unemployment Insurance Trust Fund Security Act of  
9 2008; providing short title; stating certain findings  
10 and intentions; providing for certain administrative  
11 fund assessment rate reductions for certain types of  
12 employers; providing for limit to certain reduction;  
13 providing certain employers shall not be eligible for  
14 certain rate reduction; creating the OESC  
15 Administrative Fund; making fund separate and  
16 distinct from certain other funds; stating what the  
17 fund shall consist of; making fund a continuing fund;  
18 appropriating funds to be budgeted and expended for  
19 certain purposes; providing for expenditures from  
20 fund; restricting use of certain monies in fund;  
21 setting maximum withdrawal per calendar year from  
22 fund; providing for certain funds remaining in the  
23 fund after maximum withdrawal; making State Treasurer  
24 custodian and treasurer of fund; requiring certain  
deposit of monies to fund; authorizing custodian to  
hold, invest, transfer, sell, deposit and release  
certain monies, properties or securities in a manner  
approved by the Oklahoma Employment Security  
Commission; providing for investment of monies;  
restricting investment for certain purpose; providing  
for certain assessments to the OESC Administrative  
Fund for certain employers; making assessment in  
addition to certain required contribution; providing  
certain assessment to not be part of any contribution  
required of an individual under certain  
circumstances; providing assessment shall not be used  
for determining certain employers contribution rate;  
providing for certain assessments to the OESC  
Administrative Fund for certain employers assigned a  
certain tax rate; exempting certain employers;  
requiring assessment to be made on a quarterly basis;

1 providing for deposit of certain monies; providing  
2 for certification of certain balance; making monies  
3 over certain balance excess funds; providing for  
4 transfer of excess funds to the Unemployment Trust  
5 Fund; authorizing the Oklahoma Employment Security  
6 Commission to promulgate certain rules; providing for  
7 codification; providing for noncodification; and  
8 providing an effective date.

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

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

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

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

16 The State of Oklahoma finds that the programs administered by  
17 the Oklahoma Employment Security Commission are necessary for the  
18 economic well being of workers and employers in Oklahoma. Due to  
19 recent funding shortfalls by the federal government, the  
20 effectiveness and integrity of the Oklahoma Employment Security  
21 Commission programs are being compromised, and this will in turn  
22 have a negative impact on Oklahoma's Unemployment Trust Fund. If  
23 the balance of the Unemployment Trust Fund is reduced by large  
24 layoffs, fraud and abuse, or a failure to reemploy laid-off workers  
as quickly as possible, all Oklahoma workers and employers will be

1 financially impacted. If the balance of the Unemployment Trust Fund  
2 falls, benefits to laid off workers will be reduced and taxes to  
3 employers will be increased.

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

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

14 Notwithstanding the provisions of Sections 3-103, 3-109, 3-110,  
15 and 3-113 of Title 40 of the Oklahoma Statutes, for any tax year  
16 beginning after December 31, 2010, the contribution rate assigned to  
17 an employer shall be reduced by six percent (6%). Provided, the tax  
18 rate of employers assigned a tax rate pursuant to Sections 3-103 and  
19 3-110 of Title 40 of the Oklahoma Statutes shall not be reduced to  
20 less than one percent (1%). Provided further, employers who qualify  
21 for an earned rate calculated pursuant to Section 3-109 of Title 40  
22 of the Oklahoma Statutes, and are given the highest rate in the rate  
23 scale, shall not be eligible for the rate reduction provided for in  
24 this section.

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

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

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

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

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

16 B. The OESC Administrative Fund shall be a continuing fund, not  
17 subject to fiscal year limitations. All monies accruing to the  
18 credit of the OESC Administrative Fund are hereby appropriated and  
19 shall be budgeted and expended for the purposes set forth in Section  
20 5 of this act. Expenditures from the OESC Administrative Fund shall  
21 be made upon warrants issued by the State Treasurer against claims  
22 filed, as prescribed by law, with the Director of State Finance for  
23 approval and payment.

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

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

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

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

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

21 A. The State Treasurer shall be the custodian and treasurer of  
22 the OESC Administrative Fund.

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

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

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

17 A. 1. For any tax year beginning after December 31, 2010, each  
18 employer subject to the provisions of Sections 3-103, 3-109 and 3-  
19 110 of Title 40 of the Oklahoma Statutes shall be required to pay an  
20 OESC Administrative Fund assessment equal to six percent (6%) of the  
21 unemployment contributions that would be owed to the Oklahoma  
22 Employment Security Commission before any rate reduction is made  
23 pursuant to Section 3 of this act. This assessment shall be in  
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1 addition to any contribution which that employer is required to make  
2 pursuant to the provisions of the Employment Security Act of 1980.

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

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

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

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

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