

1 ENGROSSED SENATE  
2 BILL NO. 1175

By: Stanislawski and Mazzei of  
the Senate

3 and

4 Watson of the House

5  
6  
7 [ labor - Oklahoma Unemployment Insurance Trust Fund  
8 Security Act of 2009 - 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 2009".

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 expenses incurred by the Oklahoma Employment Security  
10 Commission in the administration of any program or service under the  
11 control of the Oklahoma Employment Security Commission.

12 B. 1. The Oklahoma Employment Security Commission may withdraw  
13 a maximum of Twelve Million Dollars (\$12,000,000.00) per calendar  
14 year 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 employer's 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 Eighteen Million Dollars (\$18,000,000.00), 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. NEW LAW A new section of law to be codified  
17 in the Oklahoma Statutes as Section 6-205 of Title 40, unless there  
18 is created a duplication in numbering, reads as follows:

19 The Oklahoma Employment Security Commission shall adopt and  
20 implement an agency wide performance improvement program. The  
21 performance improvement program will ensure that all agency  
22 operations are utilizing technological and personnel resources in  
23 the most effective and efficient manner and that the needs of  
24 Oklahoma employers and persons using the Unemployment Benefit

1 Program and the Employment Service are being met. The Oklahoma  
2 Employment Security Commission will develop an implementation plan  
3 that will identify performance improvement program methodologies and  
4 action steps for the program. The implementation plan will be in  
5 writing and submitted for a one-time approval to the Commissioners  
6 of the Oklahoma Employment Security Commission. The Oklahoma  
7 Employment Security Commission shall submit semiannual reports of  
8 measurable goals and action plan progress, including verifiable  
9 program improvement, to the Commissioners of the Oklahoma Employment  
10 Security Commission and the Secretary of Commerce and Tourism.

11 SECTION 9. NEW LAW A new section of law to be codified  
12 in the Oklahoma Statutes as Section 6-206 of Title 40, unless there  
13 is created a duplication in numbering, reads as follows:

14 If the Oklahoma Legislature makes an appropriation of money from  
15 a Reed Act distribution received pursuant to 42 U.S.C. Section 1103,  
16 then the amount allowed to be withdrawn from the OESC Administrative  
17 Fund pursuant to subsection B of Section 5 of this act in a given  
18 calendar year, shall be reduced by the amount of funds drawn down  
19 from the Reed Act appropriation by the Oklahoma Employment Security  
20 Commission for the payment of administrative expenses in that same  
21 calendar year.

22 SECTION 10. This act shall become effective November 1, 2009.  
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