

ASSEMBLY, No. 2417

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 3, 2020

Sponsored by:

Assemblyman HAROLD "HAL" J. WIRTHS

District 24 (Morris, Sussex and Warren)

Assemblywoman BETTYLOU DECROCE

District 26 (Essex, Morris and Passaic)

Assemblyman EDWARD H. THOMSON

District 30 (Monmouth and Ocean)

Co-Sponsored by:

Assemblymen Clifton, DiMaio, McGuckin, S.Kean, Bramnick,

Assemblywoman N.Munoz, Assemblyman Peterson and Assemblywoman

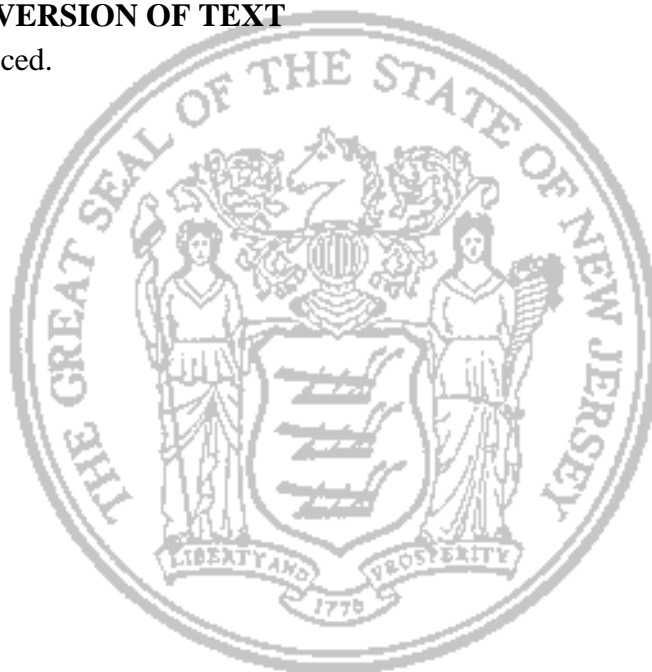
Dunn

SYNOPSIS

Reduces taxable wage base applied to certain tax contributions.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/25/2020)

1 AN ACT concerning payroll taxes and amending R.S.43:21-7.

2

3 **BE IT ENACTED** by the Senate and General Assembly of the State
4 of New Jersey:

5

6 1. R.S.43:21-7 is amended to read as follows:

7 43:21-7. Contributions.

8 43:21-7. Employers other than governmental entities, whose
9 benefit financing provisions are set forth in section 4 of P.L.1971,
10 c.346 (C.43:21-7.3), and those nonprofit organizations liable for
11 payment in lieu of contributions on the basis set forth in section 3 of
12 P.L.1971, c.346 (C.43:21-7.2), shall pay to the controller for the
13 unemployment compensation fund, contributions as set forth in
14 subsections (a), (b) and (c) hereof, and the provisions of subsections
15 (d) and (e) shall be applicable to all employers, consistent with the
16 provisions of the "unemployment compensation law" and the
17 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25
18 et al.).

19 (a) Payment.

20 (1) Contributions shall accrue and become payable by each
21 employer for each calendar year in which he is subject to this
22 chapter (R.S.43:21-1 et seq.), with respect to having individuals in
23 his employ during that calendar year, at the rates and on the basis
24 hereinafter set forth. Such contributions shall become due and be
25 paid by each employer to the controller for the fund, in accordance
26 with such regulations as may be prescribed, and shall not be
27 deducted, in whole or in part, from the remuneration of individuals
28 in his employ.

29 (2) In the payment of any contributions, a fractional part of a
30 cent shall be disregarded unless it amounts to \$0.005 or more, in
31 which case it shall be increased to \$0.01.

32 (b) Rate of contributions. Each employer shall pay the following
33 contributions:

34 (1) For the calendar year 1947, and each calendar year
35 thereafter, 2 7/10% of wages paid by him during each such calendar
36 year, except as otherwise prescribed by subsection (c) of this
37 section.

38 (2) The "wages" of any individual, with respect to any one
39 employer, as the term is used in this subsection (b) and in
40 subsections (c), (d) and (e) of this section 7, shall include the first
41 \$4,800.00 paid during calendar year 1975, for services performed
42 either within or without this State; provided that no contribution
43 shall be required by this State with respect to services performed in
44 another state if such other state imposes contribution liability with
45 respect thereto. If an employer (hereinafter referred to as a

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 successor employer) during any calendar year acquires substantially
2 all the property used in a trade or business of another employer
3 (hereinafter referred to as a predecessor), or used in a separate unit
4 of a trade or business of a predecessor, and immediately after the
5 acquisition employs in his trade or business an individual who
6 immediately prior to the acquisition was employed in the trade or
7 business of such predecessors, then, for the purpose of determining
8 whether the successor employer has paid wages with respect to
9 employment equal to the first \$4,800.00 paid during calendar year
10 1975, any wages paid to such individual by such predecessor during
11 such calendar year and prior to such acquisition shall be considered
12 as having been paid by such successor employer.

13 (3) For calendar years beginning on and after January 1, 1976,
14 the "wages" of any individual, as defined in the preceding
15 paragraph (2) of this subsection (b), shall be established and
16 promulgated by the Commissioner of Labor and Workforce
17 Development on or before September 1 of the preceding year and,
18 except as provided in paragraph (4) of this subsection (b), shall be,
19 28 times the Statewide average weekly remuneration paid to
20 workers by employers, as determined under R.S.43:21-3(c), raised
21 to the next higher multiple of \$100.00 if not already a multiple
22 thereof, provided that if the amount of wages so determined for a
23 calendar year is less than the amount similarly determined for the
24 preceding year, the greater amount will be used; provided, further,
25 that if the amount of such wages so determined does not equal or
26 exceed the amount of wages as defined in subsection (b) of section
27 3306 of the Internal Revenue Code of 1986 (26 U.S.C. s.3306(b)),
28 the wages as determined in this paragraph in any calendar year shall
29 be raised to equal the amount established under the "Federal
30 Unemployment Tax Act," chapter 23 of the Internal Revenue Code
31 of 1986 (26 U.S.C. s.3301 et seq.), for that calendar year.

32 (4) For calendar years beginning on and after January 1, 2020,
33 the "wages" of any individual, as defined in the preceding
34 paragraph (2) of this subsection (b) for purposes of contributions of
35 workers to the State disability benefits fund, including the "Family
36 Temporary Disability Leave Account" pursuant to subsection (d) of
37 this section, shall be established and promulgated by the
38 Commissioner of Labor and Workforce Development on or before
39 September 1 of the preceding year and shall be 107 times the
40 Statewide average weekly remuneration paid to workers by
41 employers, as determined under R.S.43:21-3(c), raised to the next
42 higher multiple of \$100.00 if not already a multiple thereof,
43 provided that if the amount of wages so determined for a calendar
44 year is less than the amount similarly determined for the preceding
45 year, the greater amount will be used.

46 (5) For calendar years beginning on and after January 1, 2021,
47 the "wages" of any individual, as defined in the preceding
48 paragraph (2) of this subsection (b), shall be established and

1 promulgated by the Commissioner of Labor and Workforce
2 Development on or before September 1 of the preceding year and
3 shall be, 14 times the Statewide average weekly remuneration paid
4 to workers by employers, as determined under R.S.43:21-3(c),
5 raised to the next higher multiple of \$100.00 if not already a
6 multiple thereof, provided that if the amount of wages so
7 determined for a calendar year is less than the amount similarly
8 determined for the preceding year, the greater amount will be used;
9 provided, further, that if the amount of the wages so determined
10 does not equal or exceed the amount of wages as defined in
11 subsection (b) of section 3306 of the Internal Revenue Code of
12 1986 (26 U.S.C. s.3306(b)), the wages as determined in this
13 paragraph in any calendar year shall be raised to equal the amount
14 established under the "Federal Unemployment Tax Act," chapter 23
15 of the Internal Revenue Code of 1986 (26 U.S.C. s.3301 et seq.), for
16 that calendar year.

17 (c) Future rates based on benefit experience.

18 (1) A separate account for each employer shall be maintained
19 and this shall be credited with all the contributions which he has
20 paid on his own behalf on or before January 31 of any calendar year
21 with respect to employment occurring in the preceding calendar
22 year; provided, however, that if January 31 of any calendar year
23 falls on a Saturday or Sunday, an employer's account shall be
24 credited as of January 31 of such calendar year with all the
25 contributions which he has paid on or before the next succeeding
26 day which is not a Saturday or Sunday. But nothing in this chapter
27 (R.S.43:21-1 et seq.) shall be construed to grant any employer or
28 individuals in his service prior claims or rights to the amounts paid
29 by him into the fund either on his own behalf or on behalf of such
30 individuals. Benefits paid with respect to benefit years commencing
31 on and after January 1, 1953, to any individual on or before
32 December 31 of any calendar year with respect to unemployment in
33 such calendar year and in preceding calendar years shall be charged
34 against the account or accounts of the employer or employers in
35 whose employment such individual established base weeks
36 constituting the basis of such benefits, except that, with respect to
37 benefit years commencing after January 4, 1998, an employer's
38 account shall not be charged for benefits paid to a claimant if the
39 claimant's employment by that employer was ended in any way
40 which, pursuant to subsection (a), (b), (c), (f), (g) or (h) of
41 R.S.43:21-5, would have disqualified the claimant for benefits if the
42 claimant had applied for benefits at the time when that employment
43 ended. Benefits paid under a given benefit determination shall be
44 charged against the account of the employer to whom such
45 determination relates. When each benefit payment is made,
46 notification shall be promptly provided to each employer included
47 in the unemployment insurance monetary calculation of benefits.
48 Such notification shall identify the employer against whose account

1 the amount of such payment is being charged, shall show at least
2 the name and social security account number of the claimant and
3 shall specify the period of unemployment to which said benefit
4 payment applies.

5 An annual summary statement of unemployment benefits
6 charged to the employer's account shall be provided.

7 (2) Regulations may be prescribed for the establishment,
8 maintenance, and dissolution of joint accounts by two or more
9 employers, and shall, in accordance with such regulations and upon
10 application by two or more employers to establish such an account,
11 or to merge their several individual accounts in a joint account,
12 maintain such joint account as if it constituted a single employer's
13 account.

14 (3) No employer's rate shall be lower than 5.4% unless
15 assignment of such lower rate is consistent with the conditions
16 applicable to additional credit allowance for such year under section
17 3303(a)(1) of the Internal Revenue Code of 1986 (26 U.S.C.
18 s.3303(a)(1)), any other provision of this section to the contrary
19 notwithstanding.

20 (4) Employer Reserve Ratio. (A) Each employer's rate shall be
21 $2 \frac{8}{10}\%$, except as otherwise provided in the following provisions.
22 No employer's rate for the 12 months commencing July 1 of any
23 calendar year shall be other than $2 \frac{8}{10}\%$, unless as of the
24 preceding January 31 such employer shall have paid contributions
25 with respect to wages paid in each of the three calendar years
26 immediately preceding such year, in which case such employer's
27 rate for the 12 months commencing July 1 of any calendar year
28 shall be determined on the basis of his record up to the beginning of
29 such calendar year. If, at the beginning of such calendar year, the
30 total of all his contributions, paid on his own behalf, for all past
31 years exceeds the total benefits charged to his account for all such
32 years, his contribution rate shall be:

33 (1) $2 \frac{5}{10}\%$, if such excess equals or exceeds 4%, but less than
34 5%, of his average annual payroll (as defined in paragraph (2),
35 subsection (a) of R.S.43:21-19);

36 (2) $2 \frac{2}{10}\%$, if such excess equals or exceeds 5%, but is less
37 than 6%, of his average annual payroll;

38 (3) $1 \frac{9}{10}\%$, if such excess equals or exceeds 6%, but is less
39 than 7%, of his average annual payroll;

40 (4) $1 \frac{6}{10}\%$, if such excess equals or exceeds 7%, but is less
41 than 8%, of his average annual payroll;

42 (5) $1 \frac{3}{10}\%$, if such excess equals or exceeds 8%, but is less
43 than 9%, of his average annual payroll;

44 (6) 1%, if such excess equals or exceeds 9%, but is less than
45 10%, of his average annual payroll;

46 (7) $\frac{7}{10}$ of 1%, if such excess equals or exceeds 10%, but is less
47 than 11%, of his average annual payroll;

1 (8) $\frac{4}{10}$ of 1%, if such excess equals or exceeds 11% of his
2 average annual payroll.

3 (B) If the total of an employer's contributions, paid on his own
4 behalf, for all past periods for the purposes of this paragraph (4), is
5 less than the total benefits charged against his account during the
6 same period, his rate shall be:

7 (1) 4%, if such excess is less than 10% of his average annual
8 payroll;

9 (2) $4\frac{3}{10}\%$, if such excess equals or exceeds 10%, but is less
10 than 20%, of his average annual payroll;

11 (3) $4\frac{6}{10}\%$, if such excess equals or exceeds 20% of his
12 average annual payroll.

13 (C) Specially assigned rates.

14 (i) If no contributions were paid on wages for employment in
15 any calendar year used in determining the average annual payroll of
16 an employer eligible for an assigned rate under this paragraph (4),
17 the employer's rate shall be specially assigned as follows:

18 if the reserve balance in its account is positive, its assigned rate
19 shall be the highest rate in effect for positive balance accounts for
20 that period, or 5.4%, whichever is higher, and

21 if the reserve balance in its account is negative, its assigned rate
22 shall be the highest rate in effect for deficit accounts for that period.

23 (ii) If, following the purchase of a corporation with little or no
24 activity, known as a corporate shell, the resulting employing unit
25 operates a new or different business activity, the employing unit
26 shall be assigned a new employer rate.

27 (iii) Entities operating under common ownership, management or
28 control, when the operation of the entities is not identifiable,
29 distinguishable and severable, shall be considered a single employer
30 for the purposes of this chapter (R.S.43:21-1 et seq.).

31 (D) The contribution rates prescribed by subparagraphs (A) and
32 (B) of this paragraph (4) shall be increased or decreased in
33 accordance with the provisions of paragraph (5) of this subsection
34 (c) for experience rating periods through June 30, 1986.

35 (5) (A) Unemployment Trust Fund Reserve Ratio. If on March
36 31 of any calendar year the balance in the unemployment trust fund
37 equals or exceeds 4% but is less than 7% of the total taxable wages
38 reported to the controller as of that date in respect to employment
39 during the preceding calendar year, the contribution rate, effective
40 July 1 following, of each employer eligible for a contribution rate
41 calculation based upon benefit experience, shall be increased by
42 $\frac{3}{10}$ of 1% over the contribution rate otherwise established under
43 the provisions of paragraph (3) or (4) of this subsection. If on
44 March 31 of any calendar year the balance of the unemployment
45 trust fund exceeds $2\frac{1}{2}\%$ but is less than 4% of the total taxable
46 wages reported to the controller as of that date in respect to
47 employment during the preceding calendar year, the contribution
48 rate, effective July 1 following, of each employer eligible for a

1 contribution rate calculation based upon benefit experience, shall be
2 increased by 6/10 of 1% over the contribution rate otherwise
3 established under the provisions of paragraph (3) or (4) of this
4 subsection.

5 If on March 31 of any calendar year the balance of the
6 unemployment trust fund is less than 2 1/2% of the total taxable
7 wages reported to the controller as of that date in respect to
8 employment during the preceding calendar year, the contribution
9 rate, effective July 1 following, of each employer: (1) eligible for a
10 contribution rate calculation based upon benefit experience, shall be
11 increased by (i) 6/10 of 1% over the contribution rate otherwise
12 established under the provisions of paragraph (3), (4)(A) or (4)(B)
13 of this subsection, and (ii) an additional amount equal to 20% of the
14 total rate established herein, provided, however, that the final
15 contribution rate for each employer shall be computed to the nearest
16 multiple of 1/10% if not already a multiple thereof; (2) not eligible
17 for a contribution rate calculation based upon benefit experience,
18 shall be increased by 6/10 of 1% over the contribution rate
19 otherwise established under the provisions of paragraph (4) of this
20 subsection. For the period commencing July 1, 1984 and ending
21 June 30, 1986, the contribution rate for each employer liable to pay
22 contributions under R.S.43:21-7 shall be increased by a factor of
23 10% computed to the nearest multiple of 1/10% if not already a
24 multiple thereof.

25 (B) If on March 31 of any calendar year the balance in the
26 unemployment trust fund equals or exceeds 10% but is less than 12
27 1/2% of the total taxable wages reported to the controller as of that
28 date in respect to employment during the preceding calendar year,
29 the contribution rate, effective July 1 following, of each employer
30 eligible for a contribution rate calculation based upon benefit
31 experience, shall be reduced by 3/10 of 1% under the contribution
32 rate otherwise established under the provisions of paragraphs (3)
33 and (4) of this subsection; provided that in no event shall the
34 contribution rate of any employer be reduced to less than 4/10 of
35 1%. If on March 31 of any calendar year the balance in the
36 unemployment trust fund equals or exceeds 12 1/2% of the total
37 taxable wages reported to the controller as of that date in respect to
38 employment during the preceding calendar year, the contribution
39 rate, effective July 1 following, of each employer eligible for a
40 contribution rate calculation based upon benefit experience, shall be
41 reduced by 6/10 of 1% if his account for all past periods reflects an
42 excess of contributions paid over total benefits charged of 3% or
43 more of his average annual payroll, otherwise by 3/10 of 1% under
44 the contribution rate otherwise established under the provisions of
45 paragraphs (3) and (4) of this subsection; provided that in no event
46 shall the contribution rate of any employer be reduced to less than
47 4/10 of 1%.

1 (C) The "balance" in the unemployment trust fund, as the term is
 2 used in subparagraphs (A) and (B) above, shall not include moneys
 3 credited to the State's account under section 903 of the Social
 4 Security Act, as amended (42 U.S.C. s.1103), during any period in
 5 which such moneys are appropriated for the payment of expenses
 6 incurred in the administration of the "unemployment compensation
 7 law."

8 (D) Prior to July 1 of each calendar year the controller shall
 9 determine the Unemployment Trust Fund Reserve Ratio, which
 10 shall be calculated by dividing the balance of the unemployment
 11 trust fund as of the prior March 31 by total taxable wages reported
 12 to the controller by all employers as of March 31 with respect to
 13 their employment during the last calendar year.

14 (E) (i) (Deleted by amendment, P.L.1997, c.263).

15 (ii) (Deleted by amendment, P.L.2001, c.152).

16 (iii) (Deleted by amendment, P.L.2003, c.107).

17 (iv) (Deleted by amendment, P.L.2004, c.45).

18 (v) (Deleted by amendment, P.L.2008, c.17).

19 (vi) (Deleted by amendment, P.L.2013, c.75).

20 (vii) With respect to experience rating years beginning on or
 21 after July 1, 2011, the new employer rate or the unemployment
 22 experience rate of an employer under this section shall be the rate
 23 which appears in the column headed by the Unemployment Trust
 24 Fund Reserve Ratio as of the applicable calculation date and on the
 25 line with the Employer Reserve Ratio, as defined in paragraph (4)
 26 of this subsection (R.S.43:21-7 (c)(4)), as set forth in the following
 27 table:

28
 29 EXPERIENCE RATING TAX TABLE

30	31 Fund Reserve Ratio ¹				
	32	33	34	35	36
37	38	39	40	41	42
Employer	and	to	to	to	and
Reserve	Over	3.49%	2.99%	2.49%	Under
Ratio ²	A	B	C	D	E
35 Positive Reserve Ratio:					
36 17% and over	0.3	0.4	0.5	0.6	1.2
37 16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
38 15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
39 14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
40 13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
41 12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
42 11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
43 10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
44 9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
45 8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
46 7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
47 6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
48 5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4

A2417 WIRTHS, B.DECROCE

1	4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
2	3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
3	2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
4	1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
5	0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
6	Deficit Reserve Ratio:					
7	-0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
8	-3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
9	-6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
10	-9.00% to-11.99%	3.5	4.5	5.3	5.9	6.4

11

12 ¹Fund balance as of March 31 as a percentage of taxable wages
 13 in the prior calendar year.

14 ²Employer Reserve Ratio (Contributions minus benefits as a
 15 percentage of employer's taxable wages).

16	-12.00% to-14.99%	3.6	4.6	5.4	6.0	6.5
17	-15.00% to-19.99%	3.6	4.6	5.5	6.1	6.6
18	-20.00% to-24.99%	3.7	4.7	5.6	6.2	6.7
19	-25.00% to-29.99%	3.7	4.8	5.6	6.3	6.8
20	-30.00% to-34.99%	3.8	4.8	5.7	6.3	6.9
21	-35.00% and under	5.4	5.4	5.8	6.4	7.0
22	New Employer Rate	2.8	2.8	2.8	3.1	3.4

23 (F) (i) (Deleted by amendment, P.L.1997, c.263).

24 (ii) (Deleted by amendment, P.L.2008, c.17).

25 (iii) (Deleted by amendment, P.L.2013, c.75).

26 (iv) With respect to experience rating years beginning on or after
 27 July 1, 2011 and before July 1, 2013, if the fund reserve ratio, based
 28 on the fund balance as of the prior March 31, is less than 1.0%, the
 29 contribution rate for each employer liable to pay contributions, as
 30 computed under subparagraph (E) of this paragraph (5), shall be
 31 increased by a factor of 10% computed to the nearest multiple of
 32 1/10% if not already a multiple thereof.

33 (v) With respect to experience rating years beginning on or after
 34 July 1, 2014, if the fund reserve ratio, based on the fund balance as
 35 of the prior March 31, is less than 1.0%, the contribution rate for
 36 each employer liable to pay contributions, as computed under
 37 subparagraph (E) of this paragraph (5), shall be increased by a
 38 factor of 10% computed to the nearest multiple of 1/10% if not
 39 already a multiple thereof.

40 (G) On or after January 1, 1993, notwithstanding any other
 41 provisions of this paragraph (5), the contribution rate for each
 42 employer liable to pay contributions, as computed under
 43 subparagraph (E) of this paragraph (5), shall be decreased by 0.1%,
 44 except that, during any experience rating year starting before
 45 January 1, 1998 in which the fund reserve ratio is equal to or greater
 46 than 7.00% or during any experience rating year starting on or after
 47 January 1, 1998, in which the fund reserve ratio is equal to or
 48 greater than 3.5%, there shall be no decrease pursuant to this

1 subparagraph (G) in the contribution of any employer who has a
2 deficit reserve ratio of negative 35.00% or under.

3 (H) On and after January 1, 1998 until December 31, 2000 and
4 on or after January 1, 2002 until June 30, 2006, the contribution rate
5 for each employer liable to pay contributions, as computed under
6 subparagraph (E) of this paragraph (5), shall be decreased by a
7 factor, as set out below, computed to the nearest multiple of 1/10%,
8 except that, if an employer has a deficit reserve ratio of negative
9 35.0% or under, the employer's rate of contribution shall not be
10 reduced pursuant to this subparagraph (H) to less than 5.4%:

11 From January 1, 1998 until December 31, 1998, a factor of 12%;

12 From January 1, 1999 until December 31, 1999, a factor of
13 10%;

14 From January 1, 2000 until December 31, 2000, a factor of
15 7%;

16 From January 1, 2002 until March 31, 2002, a factor of 36%;

17 From April 1, 2002 until June 30, 2002, a factor of 85%;

18 From July 1, 2002 until June 30, 2003, a factor of 15%;

19 From July 1, 2003 until June 30, 2004, a factor of 15%;

20 From July 1, 2004 until June 30, 2005, a factor of 7%;

21 From July 1, 2005 until December 31, 2005, a factor of 16%;

22 and

23 From January 1, 2006 until June 30, 2006, a factor of 34%.

24 The amount of the reduction in the employer contributions
25 stipulated by this subparagraph (H) shall be in addition to the
26 amount of the reduction in the employer contributions stipulated by
27 subparagraph (G) of this paragraph (5), except that the rate of
28 contribution of an employer who has a deficit reserve ratio of
29 negative 35.0% or under shall not be reduced pursuant to this
30 subparagraph (H) to less than 5.4% and the rate of contribution of
31 any other employer shall not be reduced to less than 0.0%.

32 (I) (Deleted by amendment, P.L.2008, c.17).

33 (J) On or after July 1, 2001, notwithstanding any other
34 provisions of this paragraph (5), the contribution rate for each
35 employer liable to pay contributions, as computed under
36 subparagraph (E) of this paragraph (5), shall be decreased by
37 0.0175%, except that, during any experience rating year starting on
38 or after July 1, 2001, in which the fund reserve ratio is equal to or
39 greater than 3.5%, there shall be no decrease pursuant to this
40 subparagraph (J) in the contribution of any employer who has a
41 deficit reserve ratio of negative 35.00% or under. The amount of the
42 reduction in the employer contributions stipulated by this
43 subparagraph (J) shall be in addition to the amount of the reduction
44 in the employer contributions stipulated by subparagraphs (G) and
45 (H) of this paragraph (5), except that the rate of contribution of an
46 employer who has a deficit reserve ratio of negative 35.0% or under
47 shall not be reduced pursuant to this subparagraph (J) to less than

1 5.4% and the rate of contribution of any other employer shall not be
2 reduced to less than 0.0%.

3 (K) With respect to experience rating years beginning on or after
4 July 1, 2009, if the fund reserve ratio, based on the fund balance as
5 of the prior March 31, is:

6 (i) Equal to or greater than 5.00% but less than 7.5%, the
7 contribution rate for each employer liable to pay contributions, as
8 computed under subparagraph (E) of this paragraph (5), shall be
9 reduced by a factor of 25% computed to the nearest multiple of
10 1/10% if not already a multiple thereof except that there shall be no
11 decrease pursuant to this subparagraph (K) in the contribution of
12 any employer who has a deficit reserve ratio of 35.00% or under;

13 (ii) Equal to or greater than 7.5%, the contribution rate for each
14 employer liable to pay contributions, as computed under
15 subparagraph (E) of this paragraph (5), shall be reduced by a factor
16 of 50% computed to the nearest multiple of 1/10% if not already a
17 multiple thereof except that there shall be no decrease pursuant to
18 this subparagraph (K) in the contribution of any employer who has
19 a deficit reserve ratio of 35.00% or under.

20 (L) Notwithstanding any other provision of this paragraph (5)
21 and notwithstanding the actual fund reserve ratio, the contribution
22 rate for employers liable to pay contributions, as computed under
23 subparagraph (E) of this paragraph (5), shall be, for fiscal year
24 2011, the rates set by column "C" of the table in that subparagraph.

25 (M) Notwithstanding any other provision of this paragraph (5)
26 and notwithstanding the actual fund reserve ratio, the contribution
27 rate for employers liable to pay contributions, as computed under
28 subparagraph (E) of this paragraph (5), shall be, for fiscal year
29 2012, the rates set by column "D" of the table in that subparagraph.

30 (N) Notwithstanding any other provision of this paragraph (5)
31 and notwithstanding the actual fund reserve ratio, the contribution
32 rate for employers liable to pay contributions, as computed under
33 subparagraph (E) of this paragraph (5), shall be, for fiscal year
34 2013, the rates set by column "E" of the table in that subparagraph.

35 (6) Additional contributions.

36 Notwithstanding any other provision of law, any employer who
37 has been assigned a contribution rate pursuant to subsection (c) of
38 this section for the year commencing July 1, 1948, and for any year
39 commencing July 1 thereafter, may voluntarily make payment of
40 additional contributions, and upon such payment shall receive a
41 recomputation of the experience rate applicable to such employer,
42 including in the calculation the additional contribution so made,
43 except that, following a transfer as described under R.S.43:21-
44 7(c)(7)(D), neither the predecessor nor successor in interest shall be
45 eligible to make a voluntary payment of additional contributions
46 during the year the transfer occurs and the next full calendar year.
47 Any such additional contribution shall be made during the 30-day
48 period following the notification to the employer of his contribution

1 rate as prescribed in this section, unless, for good cause, the time
2 for payment has been extended by the controller for not to exceed
3 an additional 60 days; provided that in no event may such payments
4 which are made later than 120 days after the beginning of the year
5 for which such rates are effective be considered in determining the
6 experience rate for the year in which the payment is made. Any
7 employer receiving any extended period of time within which to
8 make such additional payment and failing to make such payment
9 timely shall be, in addition to the required amount of additional
10 payment, liable for a penalty of 5% thereof or \$5.00, whichever is
11 greater, not to exceed \$50.00. Any adjustment under this subsection
12 shall be made only in the form of credits against accrued or future
13 contributions.

14 (7) Transfers.

15 (A) Upon the transfer of the organization, trade or business, or
16 substantially all the assets of an employer to a successor in interest,
17 whether by merger, consolidation, sale, transfer, descent or
18 otherwise, the controller shall transfer the employment experience
19 of the predecessor employer to the successor in interest, including
20 credit for past years, contributions paid, annual payrolls, benefit
21 charges, et cetera, applicable to such predecessor employer,
22 pursuant to regulation, if it is determined that the employment
23 experience of the predecessor employer with respect to the
24 organization, trade, assets or business which has been transferred
25 may be considered indicative of the future employment experience
26 of the successor in interest. The successor in interest may, within
27 four months of the date of such transfer of the organization, trade,
28 assets or business, or thereafter upon good cause shown, request a
29 reconsideration of the transfer of employment experience of the
30 predecessor employer. The request for reconsideration shall
31 demonstrate, to the satisfaction of the controller, that the
32 employment experience of the predecessor is not indicative of the
33 future employment experience of the successor.

34 (B) An employer who transfers part of his or its organization,
35 trade, assets or business to a successor in interest, whether by
36 merger, consolidation, sale, transfer, descent or otherwise, may
37 jointly make application with such successor in interest for transfer
38 of that portion of the employment experience of the predecessor
39 employer relating to the portion of the organization, trade, assets or
40 business transferred to the successor in interest, including credit for
41 past years, contributions paid, annual payrolls, benefit charges, et
42 cetera, applicable to such predecessor employer. The transfer of
43 employment experience may be allowed pursuant to regulation only
44 if it is found that the employment experience of the predecessor
45 employer with respect to the portion of the organization, trade,
46 assets or business which has been transferred may be considered
47 indicative of the future employment experience of the successor in
48 interest. Credit shall be given to the successor in interest only for

1 the years during which contributions were paid by the predecessor
2 employer with respect to that part of the organization, trade, assets
3 or business transferred.

4 (C) A transfer of the employment experience in whole or in part
5 having become final, the predecessor employer thereafter shall not
6 be entitled to consideration for an adjusted rate based upon his or its
7 experience or the part thereof, as the case may be, which has thus
8 been transferred. A successor in interest to whom employment
9 experience or a part thereof is transferred pursuant to this
10 subsection shall, as of the date of the transfer of the organization,
11 trade, assets or business, or part thereof, immediately become an
12 employer if not theretofore an employer subject to this chapter
13 (R.S.43:21-1 et seq.).

14 (D) If an employer transfers in whole or in part his or its
15 organization, trade, assets or business to a successor in interest,
16 whether by merger, consolidation, sale, transfer, descent or
17 otherwise and both the employer and successor in interest are at the
18 time of the transfer under common ownership, management or
19 control, then the employment experience attributable to the
20 transferred business shall also be transferred to and combined with
21 the employment experience of the successor in interest. The
22 transfer of the employment experience is mandatory and not subject
23 to appeal or protest.

24 (E) The transfer of part of an employer's employment experience
25 to a successor in interest shall become effective as of the first day of
26 the calendar quarter following the acquisition by the successor in
27 interest. As of the effective date, the successor in interest shall
28 have its employer rate recalculated by merging its existing
29 employment experience, if any, with the employment experience
30 acquired. If the successor in interest is not an employer as of the
31 date of acquisition, it shall be assigned the new employer rate until
32 the effective date of the transfer of employment experience.

33 (F) Upon the transfer in whole or in part of the organization,
34 trade, assets or business to a successor in interest, the employment
35 experience shall not be transferred if the successor in interest is not
36 an employer at the time of the acquisition and the controller finds
37 that the successor in interest acquired the business solely or
38 primarily for the purpose of obtaining a lower rate of contributions.

39 (d) Contributions of workers to the unemployment
40 compensation fund and the State disability benefits fund.

41 (1) (A) For periods after January 1, 1975, each worker shall
42 contribute to the fund 1% of his wages with respect to his
43 employment with an employer, which occurs on and after January
44 1, 1975, after such employer has satisfied the condition set forth in
45 subsection (h) of R.S.43:21-19 with respect to becoming an
46 employer; provided, however, that such contributions shall be at the
47 rate of 1/2 of 1% of wages paid with respect to employment while
48 the worker is in the employ of the State of New Jersey, or any

1 governmental entity or instrumentality which is an employer as
2 defined under R.S.43:21-19(h)(5), or is covered by an approved
3 private plan under the "Temporary Disability Benefits Law" or
4 while the worker is exempt from the provisions of the "Temporary
5 Disability Benefits Law" under section 7 of that law, P.L.1948,
6 c.110 (C.43:21-31).

7 (B) Effective January 1, 1978 there shall be no contributions by
8 workers in the employ of any governmental or nongovernmental
9 employer electing or required to make payments in lieu of
10 contributions unless the employer is covered by the State plan under
11 the "Temporary Disability Benefits Law" (C.43:21-25 et al.), and in
12 that case contributions shall be at the rate of 1/2 of 1%, except that
13 commencing July 1, 1986, workers in the employ of any
14 nongovernmental employer electing or required to make payments
15 in lieu of contributions shall be required to make contributions to
16 the fund at the same rate prescribed for workers of other
17 nongovernmental employers.

18 (C) (i) Notwithstanding the above provisions of this paragraph
19 (1), during the period starting July 1, 1986 and ending December
20 31, 1992, each worker shall contribute to the fund 1.125% of wages
21 paid with respect to his employment with a governmental employer
22 electing or required to pay contributions or nongovernmental
23 employer, including a nonprofit organization which is an employer
24 as defined under R.S.43:21-19(h)(6), regardless of whether that
25 nonprofit organization elects or is required to finance its benefit
26 costs with contributions to the fund or by payments in lieu of
27 contributions, after that employer has satisfied the conditions set
28 forth in subsection R.S.43:21-19(h) with respect to becoming an
29 employer. Contributions, however, shall be at the rate of 0.625%
30 while the worker is covered by an approved private plan under the
31 "Temporary Disability Benefits Law" or while the worker is exempt
32 under section 7 of that law, P.L.1948, c.110 (C.43:21-31) or any
33 other provision of that law; provided that such contributions shall
34 be at the rate of 0.625% of wages paid with respect to employment
35 with the State of New Jersey or any other governmental entity or
36 instrumentality electing or required to make payments in lieu of
37 contributions and which is covered by the State plan under the
38 "Temporary Disability Benefits Law," except that, while the worker
39 is exempt from the provisions of the "Temporary Disability Benefits
40 Law" under section 7 of that law, P.L.1948, c.110 (C.43:21-31) or
41 any other provision of that law, or is covered for disability benefits
42 by an approved private plan of the employer, the contributions to
43 the fund shall be 0.125%.

44 (ii) (Deleted by amendment, P.L.1995, c.422.)

45 (D) Notwithstanding any other provisions of this paragraph (1),
46 during the period starting January 1, 1993 and ending June 30,
47 1994, each worker shall contribute to the unemployment
48 compensation fund 0.5% of wages paid with respect to the worker's

1 employment with a governmental employer electing or required to
2 pay contributions or nongovernmental employer, including a
3 nonprofit organization which is an employer as defined under
4 paragraph (6) of subsection (h) of R.S.43:21-19, regardless of
5 whether that nonprofit organization elects or is required to finance
6 its benefit costs with contributions to the fund or by payments in
7 lieu of contributions, after that employer has satisfied the conditions
8 set forth in subsection (h) of R.S.43:21-19 with respect to becoming
9 an employer. No contributions, however, shall be made by the
10 worker while the worker is covered by an approved private plan
11 under the "Temporary Disability Benefits Law," P.L.1948, c.110
12 (C.43:21-25 et al.) or while the worker is exempt under section 7 of
13 P.L.1948, c.110 (C.43:21-31) or any other provision of that law;
14 provided that the contributions shall be at the rate of 0.50% of
15 wages paid with respect to employment with the State of New
16 Jersey or any other governmental entity or instrumentality electing
17 or required to make payments in lieu of contributions and which is
18 covered by the State plan under the "Temporary Disability Benefits
19 Law," except that, while the worker is exempt from the provisions
20 of the "Temporary Disability Benefits Law" under section 7 of that
21 law, P.L.1948, c.110 (C.43:21-31) or any other provision of that
22 law, or is covered for disability benefits by an approved private plan
23 of the employer, no contributions shall be made to the fund.

24 Each worker shall, starting on January 1, 1996 and ending March
25 31, 1996, contribute to the unemployment compensation fund
26 0.60% of wages paid with respect to the worker's employment with
27 a governmental employer electing or required to pay contributions
28 or nongovernmental employer, including a nonprofit organization
29 which is an employer as defined under paragraph (6) of subsection
30 (h) of R.S.43:21-19, regardless of whether that nonprofit
31 organization elects or is required to finance its benefit costs with
32 contributions to the fund or by payments in lieu of contributions,
33 after that employer has satisfied the conditions set forth in
34 subsection (h) of R.S.43:21-19 with respect to becoming an
35 employer, provided that the contributions shall be at the rate of
36 0.10% of wages paid with respect to employment with the State of
37 New Jersey or any other governmental entity or instrumentality
38 electing or required to make payments in lieu of contributions.

39 Each worker shall, starting on January 1, 1998 and ending
40 December 31, 1998, contribute to the unemployment compensation
41 fund 0.10% of wages paid with respect to the worker's employment
42 with a governmental employer electing or required to pay
43 contributions or nongovernmental employer, including a nonprofit
44 organization which is an employer as defined under paragraph (6)
45 of subsection (h) of R.S.43:21-19, regardless of whether that
46 nonprofit organization elects or is required to finance its benefit
47 costs with contributions to the fund or by payments in lieu of
48 contributions, after that employer has satisfied the conditions set

1 forth in subsection (h) of R.S.43:21-19 with respect to becoming an
2 employer, provided that the contributions shall be at the rate of
3 0.10% of wages paid with respect to employment with the State of
4 New Jersey or any other governmental entity or instrumentality
5 electing or required to make payments in lieu of contributions.

6 Each worker shall, starting on January 1, 1999 until December
7 31, 1999, contribute to the unemployment compensation fund
8 0.15% of wages paid with respect to the worker's employment with
9 a governmental employer electing or required to pay contributions
10 or nongovernmental employer, including a nonprofit organization
11 which is an employer as defined under paragraph (6) of subsection
12 (h) of R.S.43:21-19, regardless of whether that nonprofit
13 organization elects or is required to finance its benefit costs with
14 contributions to the fund or by payments in lieu of contributions,
15 after that employer has satisfied the conditions set forth in
16 subsection (h) of R.S.43:21-19 with respect to becoming an
17 employer, provided that the contributions shall be at the rate of
18 0.10% of wages paid with respect to employment with the State of
19 New Jersey or any other governmental entity or instrumentality
20 electing or required to make payments in lieu of contributions.

21 Each worker shall, starting on January 1, 2000 until December
22 31, 2001, contribute to the unemployment compensation fund
23 0.20% of wages paid with respect to the worker's employment with
24 a governmental employer electing or required to pay contributions
25 or nongovernmental employer, including a nonprofit organization
26 which is an employer as defined under paragraph (6) of subsection
27 (h) of R.S.43:21-19, regardless of whether that nonprofit
28 organization elects or is required to finance its benefit costs with
29 contributions to the fund or by payments in lieu of contributions,
30 after that employer has satisfied the conditions set forth in
31 subsection (h) of R.S.43:21-19 with respect to becoming an
32 employer, provided that the contributions shall be at the rate of
33 0.10% of wages paid with respect to employment with the State of
34 New Jersey or any other governmental entity or instrumentality
35 electing or required to make payments in lieu of contributions.

36 Each worker shall, starting on January 1, 2002 until June 30,
37 2004, contribute to the unemployment compensation fund 0.1825%
38 of wages paid with respect to the worker's employment with a
39 governmental employer electing or required to pay contributions or
40 a nongovernmental employer, including a nonprofit organization
41 which is an employer as defined under paragraph (6) of subsection
42 (h) of R.S.43:21-19, regardless of whether that nonprofit
43 organization elects or is required to finance its benefit costs with
44 contributions to the fund or by payments in lieu of contributions,
45 after that employer has satisfied the conditions set forth in
46 subsection (h) of R.S.43:21-19 with respect to becoming an
47 employer, provided that the contributions shall be at the rate of
48 0.0825% of wages paid with respect to employment with the State

1 of New Jersey or any other governmental entity or instrumentality
2 electing or required to make payments in lieu of contributions.

3 Each worker shall, starting on and after July 1, 2004, contribute
4 to the unemployment compensation fund 0.3825% of wages paid
5 with respect to the worker's employment with a governmental
6 employer electing or required to pay contributions or
7 nongovernmental employer, including a nonprofit organization
8 which is an employer as defined under paragraph (6) of subsection
9 (h) of R.S.43:21-19, regardless of whether that nonprofit
10 organization elects or is required to finance its benefit costs with
11 contributions to the fund or by payments in lieu of contributions,
12 after that employer has satisfied the conditions set forth in
13 subsection (h) of R.S.43:21-19 with respect to becoming an
14 employer, provided that the contributions shall be at the rate of
15 0.0825% of wages paid with respect to employment with the State
16 of New Jersey or any other governmental entity or instrumentality
17 electing or required to make payments in lieu of contributions.

18 (E) Each employer shall, notwithstanding any provision of law
19 in this State to the contrary, withhold in trust the amount of his
20 workers' contributions from their wages at the time such wages are
21 paid, shall show such deduction on his payroll records, shall furnish
22 such evidence thereof to his workers as the division or controller
23 may prescribe, and shall transmit all such contributions, in addition
24 to his own contributions, to the office of the controller in such
25 manner and at such times as may be prescribed. If any employer
26 fails to deduct the contributions of any of his workers at the time
27 their wages are paid, or fails to make a deduction therefor at the
28 time wages are paid for the next succeeding payroll period, he alone
29 shall thereafter be liable for such contributions, and for the purpose
30 of R.S.43:21-14, such contributions shall be treated as employer's
31 contributions required from him.

32 (F) As used in this chapter (R.S.43:21-1 et seq.), except when
33 the context clearly requires otherwise, the term "contributions" shall
34 include the contributions of workers pursuant to this section.

35 (G) (i) Each worker, with respect to the worker's employment
36 with a government employer electing or required to pay
37 contributions to the State disability benefits fund or
38 nongovernmental employer, including a nonprofit organization
39 which is an employer as defined under paragraph (6) of subsection
40 (h) of R.S.43:21-19, unless the employer is covered by an approved
41 private disability plan or is exempt from the provisions of the
42 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25
43 et al.) under section 7 of that law (C.43:21-31) or any other
44 provision of that law, shall, for calendar year 2012 and each
45 subsequent calendar year, make contributions to the State disability
46 benefits fund at the annual rate of contribution necessary to obtain a
47 total amount of contributions, which, when added to employer
48 contributions made to the State disability benefits fund pursuant to

1 subsection (e) of this section, is, for calendar years prior to calendar
2 year 2018, equal to 120% of the benefits paid for periods of
3 disability, excluding periods of family temporary disability, during
4 the immediately preceding calendar year plus an amount equal to
5 100% of the cost of administration of the payment of those benefits
6 during the immediately preceding calendar year, less the amount of
7 net assets remaining in the State disability benefits fund, excluding
8 net assets remaining in the "Family Temporary Disability Leave
9 Account" of that fund, as of December 31 of the immediately
10 preceding year, and is, for calendar year 2018 and year 2019, equal
11 to 120% of the benefits paid for periods of disability, excluding
12 periods of family temporary disability, during the last preceding full
13 fiscal year plus an amount equal to 100% of the cost of
14 administration of the payment of those benefits during the last
15 preceding full fiscal year, less the amount of net assets anticipated
16 to be remaining in the "Family Temporary Disability Leave
17 Account" of that fund, as of December 31 of the immediately
18 preceding calendar year, and is, for each of calendar years 2020 and
19 2021, equal to 120% of the benefits which the department
20 anticipates will be paid for periods of disability, excluding periods
21 of family temporary disability, during the respective calendar year
22 plus an amount equal to 100% of the cost of administration of the
23 payment of those benefits which the department anticipates during
24 the respective calendar year, less the amount of net assets
25 anticipated to be remaining in the State disability benefits fund,
26 excluding net assets remaining in the "Family Temporary Disability
27 Leave Account" of that fund, as of December 31 of the immediately
28 preceding calendar year, and is, for calendar year 2022 and any
29 subsequent calendar year, equal to 120% of the benefits paid for
30 periods of disability, excluding periods of family temporary
31 disability, during the last preceding full fiscal year plus an amount
32 equal to 100% of the cost of administration of the payment of those
33 benefits during the last preceding full fiscal year, less the amount of
34 net assets anticipated to be remaining in the State disability benefits
35 fund, excluding net assets remaining in the "Family Temporary
36 Disability Leave Account" of that fund, as of December 31 of the
37 immediately preceding calendar year. All increases in the cost of
38 benefits for periods of disability caused by the increases in the
39 weekly benefit rate commencing July 1, 2020, pursuant to section
40 16 of P.L.1948, c.110 (C.43:21-40), shall be funded by
41 contributions made by workers pursuant to this paragraph (i) and
42 none of those increases shall be funded by employer contributions.
43 The estimated rates for the next calendar year shall be made
44 available on the department's website no later than 60 days after the
45 end of the last preceding full fiscal year. The rates of employer
46 contributions determined pursuant to subsection (e) of this section
47 for any year shall be determined prior to the determination of the
48 rate of employee contributions pursuant to this subparagraph (i) and

1 any consideration of employee contributions in determining
2 employer rates for any year shall be based on amounts of employee
3 contributions made prior to the year to which the rate of employee
4 contributions applies and shall not be based on any projection or
5 estimate of the amount of employee contributions for the year to
6 which that rate applies.

7 (ii) Each worker shall contribute to the State disability benefits
8 fund, in addition to any amount contributed pursuant to
9 subparagraph (i) of this paragraph (1)(G), an amount equal to,
10 during calendar year 2009, 0.09%, and during calendar year 2010
11 0.12%, of wages paid with respect to the worker's employment with
12 any covered employer, including a governmental employer which is
13 an employer as defined under R.S.43:21-19(h)(5), unless the
14 employer is covered by an approved private disability plan for
15 benefits during periods of family temporary disability leave. The
16 contributions made pursuant to this subparagraph (ii) to the State
17 disability benefits fund shall be deposited into an account of that
18 fund reserved for the payment of benefits during periods of family
19 temporary disability leave as defined in section 3 of the "Temporary
20 Disability Benefits Law," P.L.1948, c.110 (C.43:21-27) and for the
21 administration of those payments and shall not be used for any other
22 purpose. This account shall be known as the "Family Temporary
23 Disability Leave Account." For calendar year 2011 and each
24 subsequent calendar year until 2018, the annual rate of contribution
25 to be paid by workers pursuant to this subparagraph (ii) shall be, for
26 calendar years prior to calendar year 2018, the rate necessary to
27 obtain a total amount of contributions equal to 125% of the benefits
28 paid for periods of family temporary disability leave during the
29 immediately preceding calendar year plus an amount equal to 100%
30 of the cost of administration of the payment of those benefits during
31 the immediately preceding calendar year, less the amount of net
32 assets remaining in the account as of December 31 of the
33 immediately preceding year, and shall be, for calendar year 2018
34 and calendar year 2019, the rate necessary to obtain a total amount
35 of contributions equal to 125% of the benefits paid for periods of
36 family temporary disability leave during the last preceding full
37 fiscal year plus an amount equal to 100% of the cost of
38 administration of the payment of those benefits during the last
39 preceding full fiscal year, less the amount of net assets anticipated
40 to be remaining in the account as of December 31 of the
41 immediately preceding calendar year. For each of calendar years
42 2020 and 2021, the annual rate of contribution to be paid by
43 workers pursuant to this subparagraph (ii) shall be the rate
44 necessary to obtain a total amount of contributions equal to 125% of
45 the benefits which the department anticipates will be paid for
46 periods of family temporary disability leave during the respective
47 calendar year plus an amount equal to 100% of the cost of
48 administration of the payment of those benefits which the

1 department anticipates during the respective calendar year, less the
2 amount of net assets remaining in the account as of December 31 of
3 the immediately preceding calendar year. For 2022 and any
4 subsequent calendar year, the annual rate of contribution to be paid
5 by workers pursuant to this subparagraph (ii) shall be the rate
6 necessary to obtain a total amount of contributions equal to 125% of
7 the benefits which were paid for periods of family temporary
8 disability leave during the last preceding full fiscal year plus an
9 amount equal to 100% of the cost of administration of the payment
10 of those benefits during the last preceding full fiscal year, less the
11 amount of net assets remaining in the account as of December 31 of
12 the immediately preceding calendar year. All increases in the cost
13 of benefits for periods of family temporary disability leave caused
14 by the increases in the weekly benefit rate commencing July 1, 2020
15 pursuant to section 16 of P.L.1948, c.110 (C.43:21-40) and
16 increases in the maximum duration of benefits commencing July 1,
17 2020 pursuant to sections 14 and 15 of P.L.1948, c.110 (C.43:21-38
18 and 43:21-39) shall be funded by contributions made by workers
19 pursuant to this paragraph (ii) and none of those increases shall be
20 funded by employer contributions. The estimated rates for the next
21 calendar year shall be made available on the department's website
22 no later than 60 days after the end of the last preceding full fiscal
23 year. Necessary administrative costs shall include the cost of an
24 outreach program to inform employees of the availability of the
25 benefits and the cost of issuing the reports required or permitted
26 pursuant to section 13 of P.L.2008, c.17 (C.43:21-39.4). No
27 monies, other than the funds in the "Family Temporary Disability
28 Leave Account," shall be used for the payment of benefits during
29 periods of family temporary disability leave or for the
30 administration of those payments, with the sole exception that,
31 during calendar years 2008 and 2009, a total amount not exceeding
32 \$25 million may be transferred to that account from the revenues
33 received in the State disability benefits fund pursuant to
34 subparagraph (i) of this paragraph (1)(G) and be expended for those
35 payments and their administration, including the administration of
36 the collection of contributions made pursuant to this subparagraph
37 (ii) and any other necessary administrative costs. Any amount
38 transferred to the account pursuant to this subparagraph (ii) shall be
39 repaid during a period beginning not later than January 1, 2011 and
40 ending not later than December 31, 2015. No monies, other than
41 the funds in the "Family Temporary Disability Leave Account,"
42 shall be used under any circumstances after December 31, 2009, for
43 the payment of benefits during periods of family temporary
44 disability leave or for the administration of those payments,
45 including for the administration of the collection of contributions
46 made pursuant to this subparagraph (ii).

47 (2) (A) (Deleted by amendment, P.L.1984, c.24.)

48 (B) (Deleted by amendment, P.L.1984, c.24.)

1 (C) (Deleted by amendment, P.L.1994, c.112.)
2 (D) (Deleted by amendment, P.L.1994, c.112.)
3 (E) (i) (Deleted by amendment, P.L.1994, c.112.)
4 (ii) (Deleted by amendment, P.L.1996, c.28.)
5 (iii) (Deleted by amendment, P.L.1994, c.112.)
6 (3) (A) If an employee receives wages from more than one
7 employer during any calendar year, and either the sum of his
8 contributions deposited in and credited to the State disability
9 benefits fund plus the amount of his contributions, if any, required
10 towards the costs of benefits under one or more approved private
11 plans under the provisions of section 9 of the "Temporary Disability
12 Benefits Law" (C.43:21-33) and deducted from his wages, or the
13 sum of such latter contributions, if the employee is covered during
14 such calendar year only by two or more private plans, exceeds an
15 amount equal to 1/2 of 1% of the "wages" determined in accordance
16 with the provisions of R.S.43:21-7(b)(3) during the calendar years
17 beginning on or after January 1, 1976 or, during calendar year 2012
18 or any subsequent calendar year, the total amount of his
19 contributions for the year exceeds the amount set by the annual rate
20 of contribution determined by the Commissioner of Labor and
21 Workforce Development pursuant to subparagraph (i) of paragraph
22 (1)(G) of this subsection (d), the employee shall be entitled to a
23 refund of the excess if he makes a claim to the controller within two
24 years after the end of the calendar year in which the wages are
25 received with respect to which the refund is claimed and establishes
26 his right to such refund. Such refund shall be made by the controller
27 from the State disability benefits fund. No interest shall be allowed
28 or paid with respect to any such refund. The controller shall, in
29 accordance with prescribed regulations, determine the portion of the
30 aggregate amount of such refunds made during any calendar year
31 which is applicable to private plans for which deductions were
32 made under section 9 of the "Temporary Disability Benefits Law"
33 (C.43:21-33) such determination to be based upon the ratio of the
34 amount of such wages exempt from contributions to such fund, as
35 provided in subparagraph (B) of paragraph (1) of this subsection
36 with respect to coverage under private plans, to the total wages so
37 exempt plus the amount of such wages subject to contributions to
38 the disability benefits fund, as provided in subparagraph (G) of
39 paragraph (1) of this subsection. The controller shall, in accordance
40 with prescribed regulations, prorate the amount so determined
41 among the applicable private plans in the proportion that the wages
42 covered by each plan bear to the total private plan wages involved
43 in such refunds, and shall assess against and recover from the
44 employer, or the insurer if the insurer has indemnified the employer
45 with respect thereto, the amount so prorated. The provisions of
46 R.S.43:21-14 with respect to collection of employer contributions
47 shall apply to such assessments. The amount so recovered by the
48 controller shall be paid into the State disability benefits fund.

1 (B) If an employee receives wages from more than one employer
2 during any calendar year, and the sum of his contributions deposited
3 in the "Family Temporary Disability Leave Account" of the State
4 disability benefits fund plus the amount of his contributions, if any,
5 required towards the costs of family temporary disability leave
6 benefits under one or more approved private plans under the
7 provisions of the "Temporary Disability Benefits Law" (C.43:21-25
8 et al.) and deducted from his wages, exceeds an amount equal to,
9 during calendar year 2009, 0.09% of the "wages" determined in
10 accordance with the provisions of R.S.43:21-7(b)(3), or during
11 calendar year 2010, 0.12% of those wages, or, during calendar year
12 2011 or any subsequent calendar year, the percentage of those
13 wages set by the annual rate of contribution determined by the
14 Commissioner of Labor and Workforce Development pursuant to
15 subparagraph (ii) of paragraph (1)(G) of this subsection (d), the
16 employee shall be entitled to a refund of the excess if he makes a
17 claim to the controller within two years after the end of the calendar
18 year in which the wages are received with respect to which the
19 refund is claimed and establishes his right to the refund. The refund
20 shall be made by the controller from the "Family Temporary
21 Disability Leave Account" of the State disability benefits fund. No
22 interest shall be allowed or paid with respect to any such refund.
23 The controller shall, in accordance with prescribed regulations,
24 determine the portion of the aggregate amount of the refunds made
25 during any calendar year which is applicable to private plans for
26 which deductions were made under section 9 of the "Temporary
27 Disability Benefits Law" (C.43:21-33), with that determination
28 based upon the ratio of the amount of such wages exempt from
29 contributions to the fund, as provided in paragraph (1)(B) of this
30 subsection (d) with respect to coverage under private plans, to the
31 total wages so exempt plus the amount of such wages subject to
32 contributions to the "Family Temporary Disability Leave Account"
33 of the State disability benefits fund, as provided in subparagraph (ii)
34 of paragraph (1)(G) of this subsection (d). The controller shall, in
35 accordance with prescribed regulations, prorate the amount so
36 determined among the applicable private plans in the proportion
37 that the wages covered by each plan bear to the total private plan
38 wages involved in such refunds, and shall assess against and
39 recover from the employer, or the insurer if the insurer has
40 indemnified the employer with respect thereto, the prorated amount.
41 The provisions of R.S.43:21-14 with respect to collection of
42 employer contributions shall apply to such assessments. The
43 amount so recovered by the controller shall be paid into the "Family
44 Temporary Disability Leave Account" of the State disability
45 benefits fund.

46 (4) If an individual does not receive any wages from the
47 employing unit which for the purposes of this chapter (R.S.43:21-1
48 et seq.) is treated as his employer, or receives his wages from some

1 other employing unit, such employer shall nevertheless be liable for
2 such individual's contributions in the first instance; and after
3 payment thereof such employer may deduct the amount of such
4 contributions from any sums payable by him to such employing
5 unit, or may recover the amount of such contributions from such
6 employing unit, or, in the absence of such an employing unit, from
7 such individual, in a civil action; provided proceedings therefor are
8 instituted within three months after the date on which such
9 contributions are payable. General rules shall be prescribed
10 whereby such an employing unit may recover the amount of such
11 contributions from such individuals in the same manner as if it were
12 the employer.

13 (5) Every employer who has elected to become an employer
14 subject to this chapter (R.S.43:21-1 et seq.), or to cease to be an
15 employer subject to this chapter (R.S.43:21-1 et seq.), pursuant to
16 the provisions of R.S.43:21-8, shall post and maintain printed
17 notices of such election on his premises, of such design, in such
18 numbers, and at such places as the director may determine to be
19 necessary to give notice thereof to persons in his service.

20 (6) Contributions by workers, payable to the controller as herein
21 provided, shall be exempt from garnishment, attachment, execution,
22 or any other remedy for the collection of debts.

23 (e) Contributions by employers to the State disability benefits
24 fund.

25 (1) Except as hereinafter provided, each employer shall, in
26 addition to the contributions required by subsections (a), (b), and
27 (c) of this section, contribute 1/2 of 1% of the wages paid by such
28 employer to workers with respect to employment unless he is not a
29 covered employer as defined in subsection (a) of section 3 of the
30 "Temporary Disability Benefits Law" (C.43:21-27 (a)), except that
31 the rate for the State of New Jersey shall be 1/10 of 1% for the
32 calendar year 1980 and for the first six months of 1981. Prior to
33 July 1, 1981 and prior to July 1 each year thereafter, the controller
34 shall review the experience accumulated in the account of the State
35 of New Jersey and establish a rate for the next following fiscal year
36 which, in combination with worker contributions, will produce
37 sufficient revenue to keep the account in balance; except that the
38 rate so established shall not be less than 1/10 of 1%. Such
39 contributions shall become due and be paid by the employer to the
40 controller for the State disability benefits fund as established by
41 law, in accordance with such regulations as may be prescribed, and
42 shall not be deducted, in whole or in part, from the remuneration of
43 individuals in his employ. In the payment of any contributions, a
44 fractional part of a cent shall be disregarded unless it amounts to
45 \$0.005 or more, in which case it shall be increased to \$0.01.

46 (2) During the continuance of coverage of a worker by an
47 approved private plan of disability benefits under the "Temporary
48 Disability Benefits Law," the employer shall be exempt from the

1 contributions required by paragraph (1) above with respect to wages
2 paid to such worker.

3 (3) (A) The rates of contribution as specified in paragraph (1)
4 above shall be subject to modification as provided herein with
5 respect to employer contributions due on and after July 1, 1951.

6 (B) A separate disability benefits account shall be maintained for
7 each employer required to contribute to the State disability benefits
8 fund and such account shall be credited with contributions
9 deposited in and credited to such fund with respect to employment
10 occurring on and after January 1, 1949. Each employer's account
11 shall be credited with all contributions paid on or before January 31
12 of any calendar year on his own behalf and on behalf of individuals
13 in his service with respect to employment occurring in preceding
14 calendar years; provided, however, that if January 31 of any
15 calendar year falls on a Saturday or Sunday an employer's account
16 shall be credited as of January 31 of such calendar year with all the
17 contributions which he has paid on or before the next succeeding
18 day which is not a Saturday or Sunday. But nothing in this act shall
19 be construed to grant any employer or individuals in his service
20 prior claims or rights to the amounts paid by him to the fund either
21 on his own behalf or on behalf of such individuals. Benefits paid to
22 any covered individual in accordance with Article III of the
23 "Temporary Disability Benefits Law" on or before December 31 of
24 any calendar year with respect to disability in such calendar year
25 and in preceding calendar years shall be charged against the account
26 of the employer by whom such individual was employed at the
27 commencement of such disability or by whom he was last
28 employed, if out of employment.

29 (C) The controller may prescribe regulations for the
30 establishment, maintenance, and dissolution of joint accounts by
31 two or more employers, and shall, in accordance with such
32 regulations and upon application by two or more employers to
33 establish such an account, or to merge their several individual
34 accounts in a joint account, maintain such joint account as if it
35 constituted a single employer's account.

36 (D) Prior to July 1 of each calendar year, the controller shall
37 make a preliminary determination of the rate of contribution for the
38 12 months commencing on such July 1 for each employer subject to
39 the contribution requirements of this subsection (e).

40 (1) Such preliminary rate shall be 1/2 of 1% unless on the
41 preceding January 31 of such year such employer shall have been a
42 covered employer who has paid contributions to the State disability
43 benefits fund with respect to employment in the three calendar
44 years immediately preceding such year.

45 (2) If the minimum requirements in subparagraph (D) (1) above
46 have been fulfilled and the credited contributions exceed the
47 benefits charged by more than \$500.00, such preliminary rate shall
48 be as follows:

- 1 (i) $\frac{2}{10}$ of 1% if such excess over \$500.00 exceeds 1% but is
2 less than $1\frac{1}{4}\%$ of his average annual payroll as defined in this
3 chapter (R.S.43:21-1 et seq.);
- 4 (ii) $\frac{15}{100}$ of 1% if such excess over \$500.00 equals or exceeds
5 $1\frac{1}{4}\%$ but is less than $1\frac{1}{2}\%$ of his average annual payroll;
- 6 (iii) $\frac{1}{10}$ of 1% if such excess over \$500.00 equals or exceeds 1
7 $\frac{1}{2}\%$ of his average annual payroll.
- 8 (3) If the minimum requirements in subparagraph (D) (1) above
9 have been fulfilled and the contributions credited exceed the
10 benefits charged but by not more than \$500.00 plus 1% of his
11 average annual payroll, or if the benefits charged exceed the
12 contributions credited but by not more than \$500.00, the
13 preliminary rate shall be $\frac{1}{4}$ of 1%.
- 14 (4) If the minimum requirements in subparagraph (D) (1) above
15 have been fulfilled and the benefits charged exceed the
16 contributions credited by more than \$500.00, such preliminary rate
17 shall be as follows:
- 18 (i) $\frac{35}{100}$ of 1% if such excess over \$500.00 is less than $\frac{1}{4}$ of
19 1% of his average annual payroll;
- 20 (ii) $\frac{45}{100}$ of 1% if such excess over \$500.00 equals or exceeds
21 $\frac{1}{4}$ of 1% but is less than $\frac{1}{2}$ of 1% of his average annual payroll;
- 22 (iii) $\frac{55}{100}$ of 1% if such excess over \$500.00 equals or exceeds
23 $\frac{1}{2}$ of 1% but is less than $\frac{3}{4}$ of 1% of his average annual payroll;
- 24 (iv) $\frac{65}{100}$ of 1% if such excess over \$500.00 equals or exceeds
25 $\frac{3}{4}$ of 1% but is less than 1% of his average annual payroll;
- 26 (v) $\frac{75}{100}$ of 1% if such excess over \$500.00 equals or exceeds
27 1% of his average annual payroll.
- 28 (5) Determination of the preliminary rate as specified in
29 subparagraphs (D)(2), (3) and (4) above shall be subject, however,
30 to the condition that it shall in no event be decreased by more than
31 $\frac{1}{10}$ of 1% of wages or increased by more than $\frac{2}{10}$ of 1% of
32 wages from the preliminary rate determined for the preceding year
33 in accordance with subparagraph (D) (1), (2), (3) or (4), whichever
34 shall have been applicable.
- 35 (E) (1) Prior to July 1 of each calendar year the controller shall
36 determine the amount of the State disability benefits fund as of
37 December 31 of the preceding calendar year, increased by the
38 contributions paid thereto during January of the current calendar
39 year with respect to employment occurring in the preceding
40 calendar year. If such amount exceeds the net amount withdrawn
41 from the unemployment trust fund pursuant to section 23 of the
42 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-47)
43 plus the amount at the end of such preceding calendar year of the
44 unemployment disability account as defined in section 22 of said
45 law (C.43:21-46), such excess shall be expressed as a percentage of
46 the wages on which contributions were paid to the State disability
47 benefits fund on or before January 31 with respect to employment
48 in the preceding calendar year.

1 (2) The controller shall then make a final determination of the
2 rates of contribution for the 12 months commencing July 1 of such
3 year for employers whose preliminary rates are determined as
4 provided in subparagraph (D) hereof, as follows:

5 (i) If the percentage determined in accordance with
6 subparagraph (E)(1) of this paragraph equals or exceeds $1\frac{1}{4}\%$, the
7 final employer rates shall be the preliminary rates determined as
8 provided in subparagraph (D) hereof, except that if the employer's
9 preliminary rate is determined as provided in subparagraph (D)(2)
10 or subparagraph (D)(3) hereof, the final employer rate shall be the
11 preliminary employer rate decreased by such percentage of excess
12 taken to the nearest $\frac{5}{100}$ of 1%, but in no case shall such final rate
13 be less than $\frac{1}{10}$ of 1%.

14 (ii) If the percentage determined in accordance with
15 subparagraph (E)(1) of this paragraph equals or exceeds $\frac{3}{4}$ of 1%
16 and is less than $1\frac{1}{4}$ of 1%, the final employer rates shall be the
17 preliminary employer rates.

18 (iii) If the percentage determined in accordance with
19 subparagraph (E)(1) of this paragraph is less than $\frac{3}{4}$ of 1%, but in
20 excess of $\frac{1}{4}$ of 1%, the final employer rates shall be the
21 preliminary employer rates determined as provided in subparagraph
22 (D) hereof increased by the difference between $\frac{3}{4}$ of 1% and such
23 percentage taken to the nearest $\frac{5}{100}$ of 1%; provided, however,
24 that no such final rate shall be more than $\frac{1}{4}$ of 1% in the case of an
25 employer whose preliminary rate is determined as provided in
26 subparagraph (D)(2) hereof, more than $\frac{1}{2}$ of 1% in the case of an
27 employer whose preliminary rate is determined as provided in
28 subparagraph (D)(1) and subparagraph (D)(3) hereof, nor more than
29 $\frac{3}{4}$ of 1% in the case of an employer whose preliminary rate is
30 determined as provided in subparagraph (D)(4) hereof.

31 (iv) If the amount of the State disability benefits fund determined
32 as provided in subparagraph (E)(1) of this paragraph is equal to or
33 less than $\frac{1}{4}$ of 1%, then the final rate shall be $\frac{2}{5}$ of 1% in the case
34 of an employer whose preliminary rate is determined as provided in
35 subparagraph (D)(2) hereof, $\frac{7}{10}$ of 1% in the case of an employer
36 whose preliminary rate is determined as provided in subparagraph
37 (D)(1) and subparagraph (D)(3) hereof, and 1.1% in the case of an
38 employer whose preliminary rate is determined as provided in
39 subparagraph (D)(4) hereof. Notwithstanding any other provision of
40 law or any determination made by the controller with respect to any
41 12-month period commencing on July 1, 1970, the final rates for all
42 employers for the period beginning January 1, 1971, shall be as set
43 forth herein.

44 (F) Notwithstanding any other provisions of this subsection (e),
45 the rate of contribution paid to the State disability benefits fund by
46 each covered employer as defined in paragraph (1) of subsection (a)
47 of section 3 of P.L.1948, c.110 (C.43:21-27), shall be determined as
48 if:

- 1 (i) No disability benefits have been paid with respect to periods
2 of family temporary disability leave;
- 3 (ii) No worker paid any contributions to the State disability
4 benefits fund pursuant to paragraph (1)(G)(ii) of subsection (d) of
5 this section;
- 6 (iii) No amounts were transferred from the State disability
7 benefits fund to the "Family Temporary Disability Leave Account"
8 pursuant to paragraph (1)(G)(ii) of subsection (d) of this section;
9 and
- 10 (iv) The total amount of benefits paid for periods of disability
11 were not subject to the increases in the weekly benefit rate for those
12 benefits commencing July 1, 2020 pursuant to section 16 of
13 P.L.1948, c.110 (C.43:21-40).
14 (cf: P.L.2019, c.37, s.6)

15
16 2. This act shall take effect immediately.

17
18
19
20

STATEMENT

21 This bill reduces the taxable wage base applied to certain payroll
22 tax contributions made by employers and employees. Current law
23 establishes the level of wages subject to tax contributions required
24 under the unemployment insurance, temporary disability insurance,
25 and family leave insurance programs, as well as under the
26 Workforce Development Partnership Fund and the Supplemental
27 Workforce Fund for Basic Skills. Under current law, the
28 Commissioner of Labor and Workforce Development determines
29 the taxable wage amount annually by multiplying the Statewide
30 average weekly wage by 28. For calendar year 2020, the taxable
31 wage base for these programs is \$35,300.

32 This bill reduces the taxable wage base applied to these payroll
33 tax contributions by requiring the commissioner to determine the
34 taxable wage amount by multiplying the Statewide average weekly
35 wage by 14, rather than 28. The bill provides that if the taxable
36 wage amount determined by the commissioner in any given year is
37 less than the taxable wage amount determined for the preceding
38 year, the greater amount will be used. In effect, the bill reduces the
39 taxable wage amount applied to tax contributions paid by employers
40 and employees by approximately half beginning on January 1, 2021.