

## Amendments to State Unemployment Insurance Laws

U.S. DEPARTMENT OF LABOR  
Employment and Training Administration  
Washington, D.C. 20210

### REPORT ON STATE LEGISLATION

REPORT NO. 1  
June 2006

**ALABAMA**            HB 105            ENACTED and EFFECTIVE April 18, 2006  
                              (Act No. 519)

#### Financing

Extends from March 31, 2006, to March 31, 2008, the quarterly 0.06 percent special assessment used to fund the Employment Security Enhancement Fund, applicable to certain employers.

Extends from March 31, 2006, to March 31, 2008, the current tax rate structure for determining an employer's contribution rate.

**ALABAMA**            HB 369            ENACTED and EFFECTIVE April 18, 2006  
                              (Act No. 521)

#### Monetary Entitlement

Increases the weekly maximum benefit amount from \$220 to \$230, for benefit years beginning on or after July 2, 2006, and to \$235 for benefit years beginning on or after July 1, 2007.

Computes the weekly benefit amount as 1/26 (previously 1/24) of the average of wages during the 2 highest quarters of the base period for benefit years beginning on or after July 2, 2006.

**ALABAMA**            SB 41            ENACTED March 13, 2006  
                              (Act No. 229)            EFFECTIVE June 1, 2006

#### Coverage

Provides that a covered employee is a co-employee of both the professional employer organization (PEO) and the client. Requires the PEO to pay wages and collect, report, and pay employment related taxes and report and pay unemployment taxes for covered employees to the extent that the client employer has funded those obligations.

**IDAHO**            HB 405            ENACTED and EFFECTIVE February 17, 2006  
                              (CH 13)

#### Financing

Extends the sunset date for the 3 percent Workforce Development Training Fund tax from January 1, 2007, to January 1, 2012.

**IDAHO**            HB 577            ENACTED and EFFECTIVE March 11, 2006  
(CH 38)

Financing

Adds as an option that when payments from reimbursable employers exceed benefit costs, the overpayment may be refunded to the employer. When payments are not sufficient to pay benefit costs adds as an option that such employer's advance payment rate for the next taxable year will be set at a rate that will cover the costs.

Allows amounts owed for penalty and interest on debts owed to the Department or the State Tax Commission to be offset against refunds owed to the debtor by either agency.

**KANSAS**            HB 2772            ENACTED and EFFECTIVE April 14, 2006

Coverage

Provides that an independent contractor relationship may exist between an owner-operator and a licensed motor carrier under certain conditions; provides that a licensed motor carrier does not exercise control over a driver because such carrier requires the driver to comply with applicable regulations.

Financing

Prohibits any person from knowingly and intentionally misclassifying an employee as an independent contractor for the sole or primary purpose of avoiding state unemployment insurance contributions reporting requirements, and imposes penalties for violating such law.

**LOUISIANA**            SB 1a            ENACTED and EFFECTIVE February 23, 2006  
(Act No. 7)

Financing

Requires that benefits paid pursuant to specific executive orders and hurricane-related layoffs which are chargeable and reimbursable be deferred, without assessment of penalty and interest until January 1, 2007, to allow time for such benefit charges to be identified and quantified and for payment arrangements to be made through loans, grants, or state or federal legislation.

Authorizes the administrator, by request of the employing unit, to negotiate payment terms for benefit charges assessed as a result of hurricanes Katrina and Rita and the specific executive orders; requires such payment terms without penalty and interest assessment to be made quarterly for periods not to exceed 2 years beginning January 1, 2007.

**SOUTH DAKOTA**            HB 1027            ENACTED and EFFECTIVE February 24, 2006

Financing

Increases the taxable wage base from \$7,000 to \$8,500 for calendar year 2007; to \$9,000 for calendar year 2008; to \$9,500 for calendar year 2009; to \$10,000 on or after January 1, 2010.

Increases, for calendar year 2007 and thereafter, the maximum contribution rate from 7.00 percent to 8.50 percent and the minimum contribution rate from 1.00 percent to 1.50 percent for employers with a negative reserve ratio; increases the maximum contribution rate from 0.90 percent to 1.00 percent for employers with a positive reserve ratio; the minimum contribution rate remains at 0.00 percent for employers with a positive reserve ratio.

Assesses, under certain conditions, interest on experienced employers with negative reserve balances beginning January 1, 2009. The interest rate will be the average of the quarterly interest rates paid by the U.S. Treasury on unemployment insurance trust fund reserves in the calendar year ending on the interest calculation date and will be applied to the amount by which the negative balance increased from December 31, 2006, or from the date the employer became subject to a negative reserve balance if later, to the computation date used for the interest calculation date for the year. Interest payments are not credited to the employers' accounts.

Changes the adjustment percentage application from an annual basis to a quarterly basis; does not apply to wages paid from July 1, 2006, to June 30, 2009, unless the fund balance at the end of any quarter in that period is \$2 million or less; requires the rates to remain in effect until the balance in the unemployment fund on the last day of any quarter is equal to or greater than 150 percent of \$11 million; provides that the increased rate must be 0.1 percent if the fund balance is 100 percent or more but less than 150 percent of \$11 million.

**SOUTH DAKOTA**                      HB 1197                      ENACTED and EFFECTIVE March 7, 2006

Nonmonetary Eligibility

Amends the pension offset provision to provide that the weekly benefit amount will not be reduced due to receipt of Federal social security retirement benefits or payments made under the Railroad Retirement Act of 1974, if the unemployment trust fund balance reaches \$30 million at the end of any calendar quarter.

**UTAH**                      HB 18                      ENACTED and EFFECTIVE March 10, 2006  
(CH 74)

Nonmonetary Eligibility

Extends the reduction of the weekly benefit amount by 50 percent of Social Security payments from July 1, 2007, to July 1, 2011.

**UTAH**                      SB 21                      ENACTED March 10, 2006  
(CH 22)                      EFFECTIVE July 1, 2006

Coverage

Excludes from the definition of "employment" service:

performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved under state law;  
in the employ of a governmental entity or Indian tribe as an election official or election worker if the amount of remuneration received as such official/worker

during the calendar year is less than \$1,000.

**VERMONT**            HB 717                    ENACTED and EFFECTIVE May 6, 2006  
                              (Act No. 136)

Coverage

Excludes from coverage service performed by an individual as a direct seller if the individual meets certain conditions.

**VIRGINIA**            HB 567                    ENACTED March 30, 2006  
                              (CH 258)                 EFFECTIVE AS INDICATED

Monetary Entitlement

Increases the maximum weekly benefit amount from \$330 to \$347 for claims effective on or after July 2, 2006.

**WASHINGTON**            SB 6885                    ENACTED and EFFECTIVE June 7, 2006  
  (CH 13)                    or as otherwise indicated

**(REVISED)**

Administration

Requires liberal construction of the Employment Security Act to reduce hardship of the unemployed person (due to be removed June 30, 2007).

Financing

Modifies the flat social cost factor provisions by:

Deleting the special requirements for 2007;

Effective January 1, 2007, changing the maximum reduction in the flat social cost factor from 0.2 percent to 0.4 percent when the balance in the unemployment compensation fund is equal to more than 10 months of benefits; and

Effective January 1, 2007, changing the minimum flat social cost factor from 0.6 percent to:

0.5 percent when the balance in the unemployment compensation fund is equal to at least 12 months of benefits, but less than 14 months, or

0.45 percent, for rate class 1 employers only, when the balance in the unemployment compensation fund is equal to at least 14 months of benefits, and 0.5 percent for employers in all other rate classes.

Modifies the graduated social cost factor provisions for employers in certain industries by:

extending the zero rate termination date from June 30 to December 31, 2007; and

establishing a maximum rate of 5.7 percent beginning in 2008.

Modifies the provisions for determining whether a solvency surcharge is applicable and how

much revenue needs to be generated by the solvency surcharge.

Makes permanent the provision for noncharging contributing employer's accounts for benefits paid that exceed the benefits that would have been paid if the weekly benefit amount had been determined as 1 percent of total wages.

Monetary Entitlement

Makes permanent calculating the weekly benefit amount at 3.85 percent of the average of the two highest quarters of earnings (which was due to expire July 2007 and go back to 1 percent of base year wages.)

Nonmonetary Eligibility

Provides that a military spouse can transfer to any location outside the local labor market and will not be disqualified for voluntarily quitting. (Previously the person was only eligible if they moved to a state that had similar allowance laws for military spouses.)

**WISCONSIN**

SB 577  
(Act No. 142)

ENACTED March 17, 2006  
EFFECTIVE March 19, 2006

Nonmonetary Eligibility

Excludes certain volunteer wages from determination of what constitutes deductible income for determining an individual's entitlement to partial benefits for weeks beginning March 19, 2006.