

HOUSE RESEARCH

Bill Summary

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Overview

This bill makes a variety of changes to the unemployment insurance statutes, most of which are technical. There are a few substantive changes, however, including changes to the procedure for public employers to switch between paying taxes and reimbursing the system directly; allowing backdating of applications in some cases; allowing eligibility for benefits for applicants who quit because of domestic abuse; requiring employees of temporary agencies to call in for additional work after an assignment ends in order to be eligible for benefits; and making it optional rather than mandatory for the commissioner to collect interest on fraudulent benefit overpayment collections.

Section

- 1 **Citation; unemployment insurance program.** Clarifies citation in statutes.
- 2 **Statement.** Updates and clarifies language. Shortens and simplifies the policy statement underlying unemployment insurance.
- 3 **Base period.** Current law defines an applicant's base period using a formula that, in effect, places an applicant in one of four possible base periods, depending on the application date. Without changing the substance of the law, this section of the bill explicitly states what the four periods are and how applicants fall into them.
- 4 **Unemployment benefits.** Clarifies language.
- 5 **Commissioner.** Clarifies language.
- 6 **Department.** Clarifies language.
- 7 **Noncovered employment.** Removes employment for an Indian tribe from the definition of noncovered employment.
- 8 **Wages.** Clarifies language.
- 9 **Employer for part of year.** Clarifies language.
- 10 **Employer tax or reimbursable accounts.** Clarifies language.

- 11 **Effect on an employer of unemployment benefits paid.** Current law refers to all employers being "charged" for benefits paid to their employees. In the case of nonprofit or public employers who reimburse the system for benefits instead of paying taxes, this means that they are actually directly charged - if there are \$100 of benefits, the employer is charged \$100. In the case of taxpaying employers, however, "charge" means that the employer's tax rate will later rise because of the payment of the benefits, but the employer does not receive a bill for the benefits. In an attempt to clarify this difference, the bill (in a number of sections, beginning with this one) removes references to employers being "charged" for benefits, substituting references to those benefits being used in figuring their tax rates, which is what actually occurs. It has no substantive effect on what will or will not affect an employer's tax rate.
- 12 **Tax reports.** Conforming change.
- 13 **Computation of a taxpaying employer's experience rating.** Conforming change.
- 14 **Experience rating transfer.** Clarification.
- 15 **Tax rate buydown.** Conforming change.
- 16 **Payments.** Conforming change.
- 17 **Election by state or political subdivision to be a taxpaying employer.** Reduces the minimum period for which a public employer may elect to pay taxes (instead of reimbursing the system directly) from three years to two years. Also, changes the requirements for a public employer to change from paying taxes to reimbursing the system. These changes are the same as changes made last session for nonprofit employers.
- 18 **Considered an election.** Provides that a public employer is a reimbursing employer unless it elects to be a taxpaying employer. This section is effective the day following final enactment.
- 19 **Indian tribes.** Provides for Indian tribes to be treated similarly to public employers.
- 20 **Election.** Clarification.
- 21 **Payments.** Clarification.
- 22 **Garnishment for delinquent taxes and unemployment benefit overpayments.** Clarification.
- 23 **Application for unemployment benefits; determination of benefit account.** Requires specifically that an applicant be unemployed at the time an application is filed in order to receive benefits. Further clarifies language.
- 24 **Benefit account requirements and weekly unemployment benefit amount and maximum amount of unemployment benefits.** Removes an alternative ceiling on benefits that is about to become obsolete because of the relationship between the ceiling and the general levels of wages in the state. Clarifies language.
- 25 **Right of appeal.** Clarifies language.
- 26 **Limitations.** Allows an application for benefits to be backdated up to a week before the date the application was actually filed. This could apply, for instance, in cases where a person did not file for benefits until a few days after being laid off. Applicants have to serve a "waiting week" in which they do not receive benefits, and the way the system is currently administered, they have to serve this week *after they apply* for benefits, so an applicant who knows he or she has to wait a week to actually receive benefits might erroneously wait a week to *file*, which would require them to wait an additional week. This section allows the application to be backdated one week. Effective the day following final enactment.
- 27 **Eligibility conditions.** Clarification.
- 28 **Not eligible.** Removes language disqualifying individuals who are on voluntary leaves of absence (this language is added back in section 30), and adding a disqualification for individuals who do not provide required information to the department.

- 29 **Deductible payments.** Puts more specific language into statute regarding what are considered severance payments. Adds language providing for the department to consider whether a person who applied for, but did not receive, workers' compensation benefits during a particular period, was actually able to work during that time. (This does not preclude them from receiving benefits if they were able to work, but it raises the issue.)
- 30 **Workers' compensation offset.** Provides that claimants who have pending workers' compensation claims can receive unemployment benefits, provided they otherwise qualify.
- 31 **Receipt of back pay.** Conforming change.
- 32 **School employees.** Clarification. Effective the day following final enactment.
- 33 **Leave of absence.** Moves language related to leaves of absence.
- 34 **Able to work defined.** Clarification.
- 35 **Available for suitable employment defined.** Clarification.
- 36 **Active benefit account.** Similar to the provision above regarding backdating, this allows backdating of an application to reactivate a benefit account for up to two weeks.
- 37 **In-person continued request for unemployment benefits.** Clarification, stating that the commissioner may not require applicants to make their applications by mail.
- 38 **Quit.** Provides for an exception to disqualification from benefits for applicants who quit because of domestic abuse. (Normally, quitting work disqualifies an applicant from receiving benefits altogether.)
- 39 **Quit defined.** In temporary employment agency situations, provides that for a person who has been working for a temporary agency to be considered "laid off," the person has to contact the agency and actively ask for additional work. If they do not do so, they would be considered to have quit.
- 40 **Offers of employment.** Clarifies that the disqualification for individuals who decline offers of employment does not apply to offers from the same employer who previously laid off the employee.
- 41 **Application.** Clarification.
- 42 **Notification.** Provides that applicants who do not provide required information will have benefits withheld until they provide it. Also changes the information they are required to submit by requiring information about all employers in the last six calendar months, rather than in the last 30 days of employment.
- 43 **Disqualification determination.** Clarifies language.
- 44 **Judicial review.** Clarifies language by removing a requirement that the court use a particular case title. The court has apparently been unwilling to abide by this requirement, citing separation of powers issues.
- 45 **Cooperation with foreign governments.** Clarification.
- 46 **Interest.** Makes the assessment of interest on fraudulent benefit overpayments optional rather than mandatory. This assessment has been optional in the past, but under current law, it is set to become mandatory in January of next year.
- 47 **Employer misconduct; penalty.** Clarification.
- 48 **Waiver of rights void.** Clarification.
- 49 **Minnesota employment and economic development program.** Clarification.
- 50 **Early warning indicators.** Clarification.
- 51 **Instructions to revisor.** Renumbers sections, and updates language.