



2013 SENATE BILL 149

April 18, 2013 – Introduced by Senators LEIBHAM, GUDEX and TIFFANY, cosponsored by Representatives KLENKE, BERNIER, ENDSLEY, CZAJA, JACQUE, KESTELL, KNODL, MURPHY, MURSAU, A. OTT, PETRYK, SCHRAA, THIESFELDT, KOOYENGA and TITTL. Referred to Committee on Workforce Development, Forestry, Mining, and Revenue.

1 **AN ACT to repeal** 20.445 (1) (fx); **to amend** 108.19 (1m) and 108.19 (1m); and **to**
2 **create** 20.445 (1) (fx) of the statutes; **relating to:** payment of interest on
3 advances made by the federal government to the unemployment reserve fund
4 and making an appropriation.

Analysis by the Legislative Reference Bureau

Currently, if in any year the balance in the unemployment reserve fund is insufficient to make full payment of unemployment insurance benefits that become payable to claimants for that year, the Department of Workforce Development (DWD) secures an advance from the federal unemployment account to enable this state to make full payment of all benefits that become payable. Whenever the balance in the unemployment reserve fund is sufficient to repay the federal government for its advances and to continue to make payment of the benefits that become payable, DWD repays the federal government for its outstanding advances. Annually, the federal government assesses interest to this state on this state's outstanding advances that have not been repaid. Currently, if in any year DWD is unable to make full payment of the interest that becomes due from certain other limited sources, each employer must pay an assessment to the state unemployment interest payment fund in an amount specified by law sufficient to enable DWD to make full payment of the interest due for that year.

This bill creates a one-time appropriation in the amount of \$26,000,000 from general purpose revenues to pay any interest that becomes due to the federal government prior to July 1, 2015, on outstanding advances made to the

SENATE BILL 149

unemployment reserve fund. Under the bill, DWD must first use any available moneys from this appropriation to make payment of the interest due for any year. If the amount appropriated, together with other available sources, is insufficient to make full payment of the interest that becomes due for any year, each employer must pay an assessment in the amount determined by DWD sufficient to cover the deficiency. If any unencumbered balance remains in the appropriation account created by the bill at the end of the 2013-15 fiscal biennium, the balance lapses to the general fund.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
2 the following amounts for the purposes indicated:

	2013-14	2014-15
--	----------------	----------------

3
4 **20.445 Workforce development, department of**

5 (1) WORKFORCE DEVELOPMENT

6 (fx) Interest on federal advances	GPR	B	26,000,000	- 0 -
---	-----	---	------------	-------

7 **SECTION 2.** 20.445 (1) (fx) of the statutes is created to read:

8 20.445 (1) (fx) *Interest on federal advances.* Biennially, the amounts in the
9 schedule to pay interest on advances made by the federal government to the
10 unemployment reserve fund under s. 108.19 (1m).

11 **SECTION 3.** 20.445 (1) (fx) of the statutes, as created by 2013 Wisconsin Act
12 (this act), is repealed.

13 **SECTION 4.** 108.19 (1m) of the statutes is amended to read:

14 108.19 (1m) ~~Each~~ The department shall pay any interest due on advances from
15 the federal unemployment account to the unemployment reserve fund under Title
16 XII of the federal social security act (42 USC 1321 to 1324) by first applying any

SENATE BILL 149

1 amount available for that purpose from the appropriation under s. 20.445 (1) (fx).
2 If the amount appropriated under s. 20.445 (1) (fx) is insufficient to make full
3 payment of the amount due for any year, the department shall then apply any
4 unencumbered balance in the unemployment interest payment fund and any
5 amounts paid under s. 108.20 (2m). If those amounts are insufficient to make full
6 payment of the amount due for any year, the department shall require each employer
7 subject to this chapter as of the date a rate is established under this subsection shall
8 to pay an assessment to the unemployment interest payment fund at a rate
9 established by the department sufficient to pay interest due on those advances from
10 the federal unemployment account under title XII of the social security act (42 USC
11 1321 to 1324). The rate established by the department for employers who finance
12 benefits under s. 108.15 (2), 108.151 (2), or 108.152 (1) shall be 75% of the rate
13 established for other employers. The amount of any employer's assessment shall be
14 the product of the rate established for that employer multiplied by the employer's
15 payroll of the previous calendar year as taken from quarterly employment and wage
16 reports filed by the employer under s. 108.205 (1) or, in the absence of the filing of
17 such reports, estimates made by the department. Each assessment made under this
18 subsection is due on the 30th day commencing after the date on which notice of the
19 assessment is mailed by the department. If the amounts collected from employers
20 under this subsection are in excess of the amounts needed to pay interest due, the
21 department shall use any excess to pay interest owed in subsequent years on
22 advances from the federal unemployment account. If the department determines
23 that additional interest obligations are unlikely, the department shall transfer the
24 excess to the balancing account of the fund.

SENATE BILL 149**SECTION 5**

1 **SECTION 5.** 108.19 (1m) of the statutes, as affected by 2013 Wisconsin Act ...
2 (this act), is amended to read:

3 108.19 **(1m)** ~~The department shall pay any interest due on advances from the~~
4 ~~federal unemployment account to the unemployment reserve fund under Title XII of~~
5 ~~the federal social security act (42 USC 1321 to 1324) by first applying any amount~~
6 ~~available for that purpose from the appropriation under s. 20.445 (1) (fx). If the~~
7 ~~amount appropriated under s. 20.445 (1) (fx) is insufficient to make full payment of~~
8 ~~the amount due for any year, the department shall then apply any unencumbered~~
9 ~~balance in the unemployment interest payment fund and any amounts paid under~~
10 ~~s. 108.20 (2m). If those amounts are insufficient to make full payment of the amount~~
11 ~~due for any year, the department shall require each~~ Each ~~employer subject to this~~
12 ~~chapter as of the date a rate is established under this subsection to~~ shall ~~pay an~~
13 ~~assessment to the unemployment interest payment fund at a rate established by the~~
14 ~~department sufficient to pay interest due on those advances~~ from the federal
15 unemployment account under Title XII of the social security act (42 USC 1321 to
16 1324). The rate established by the department for employers who finance benefits
17 under s. 108.15 (2), 108.151 (2), or 108.152 (1) shall be 75% of the rate established
18 for other employers. The amount of any employer's assessment shall be the product
19 of the rate established for that employer multiplied by the employer's payroll of the
20 previous calendar year as taken from quarterly employment and wage reports filed
21 by the employer under s. 108.205 (1) or, in the absence of the filing of such reports,
22 estimates made by the department. Each assessment made under this subsection
23 is due on the 30th day commencing after the date on which notice of the assessment
24 is mailed by the department. If the amounts collected from employers under this
25 subsection are in excess of the amounts needed to pay interest due, the department

SENATE BILL 149

1 shall use any excess to pay interest owed in subsequent years on advances from the
2 federal unemployment account. If the department determines that additional
3 interest obligations are unlikely, the department shall transfer the excess to the
4 balancing account of the fund.

5 **SECTION 6. Effective dates.** This act takes effect on the day after publication,
6 except as follows:

7 (1) The treatment of section 108.19 (1m) (by SECTION 5) of the statutes and the
8 repeal of section 20.445 (1) (fx) of the statutes take effect on July 1, 2015.

9 (END)