

2013 DRAFTING REQUEST

Bill

Received: 4/5/2013 Received By: jkuesel
Wanted: As time permits Same as LRB:
For: John Klenke (608) 266-0485 By/Representing: Matt Henkel
May Contact: Drafter: jkuesel
Subject: Unemployment Insurance Addl. Drafters:
Extra Copies:

Submit via email: YES
Requester's email: Rep.Klenke@legis.wisconsin.gov
Carbon copy (CC) to: michael.duchek@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

GPR appropriation for UI reserve fund interest payments

Instructions:

Per LRB-1636/2, with permission of Sen. Leibham (EM, 4/5/13, attached).

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkuesel 4/5/2013	csicilia 4/8/2013	phenry 4/8/2013	_____			
/1				_____	srose 4/8/2013	mbarman 4/16/2013	State S&L

FE Sent For:

→ At Intro.

<END>

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1/1	jkuesel 4/5/13	1 jjs	4/8 13	4 [Signature]	_____	_____	_____

FE Sent For:

<END>

Kuesel, Jeffery

To: Henkel, Matt
Subject: RE: CS Memo Draft & Bill

Matt,
We will take care of your request.

Jeffery T. Kuesel
Wisconsin Legislative Reference Bureau
P.O. Box 2037
Madison, WI 53701-2037
(608) 266-6778
Jeffery.Kuesel@legis.wisconsin.gov

From: Henkel, Matt
Sent: Friday, April 05, 2013 10:57 AM
To: Kuesel, Jeffery
Subject: FW: CS Memo Draft & Bill

Jeff, could we get the assembly companion to Sen. Leibham's LRB 1636/2?

-Matt

Matthew Henkel
Office of Representative John Klenke
Room 306-East, State Capitol
608-266-0485

From: Moench, Lucas
Sent: Friday, April 05, 2013 9:14 AM
To: Henkel, Matt
Subject: CS Memo Draft & Bill

Matt-

As per our discussion on Wednesday, here is my draft co-sponsorship for the UI bill. I've also attached a copy of the latest draft. Let me know if you have any suggestions. We're hoping to send this out today or Monday. Also, if you are interested in drafting a companion, that's cool, just give me the Assembly LRB when you get it to include in the memo. If not, that's fine, too.

Thanks,

Lucas

MEMORANDUM

TO: All Legislators
FROM: Senator Joe Leibham and Representative John Klenke
DATE: April 5, 2012
RE: Co-sponsorship of LRB 1636/2 relating to: payment of interest on advances made by the federal government to the unemployment reserve fund.
DEADLINE: April 12th at 5:00 PM

If you have visited with businesses in your district over the past two years, especially small businesses, you have most likely heard concerns related to the special assessments they are being forced to pay for unemployment insurance. This proposal provides relief to our small businesses.

During the recent economic downturn, Wisconsin has been required to pay record numbers of unemployment insurance claims. Because the necessary revenue to support these claims exceeded the money available in Wisconsin's Unemployment Insurance Reserve Fund, Wisconsin was required to borrow money from the federal government to support continued payment of unemployment compensation throughout the recession.

Initially, the federal government waived interest on outstanding principle from these loans. However, beginning in 2011 and continuing since, Wisconsin has been required to pay interest on outstanding loans from the federal government to stabilize our Fund. In September, 2011, our interest payment was \$42.3 million. In September, 2012, our interest payment was \$35.6 million. Future interest payments are currently projected to total \$19 million in September, 2013 and \$7 million in September, 2014.

Pursuant to existing law, Wisconsin has financed these interest payments through a Special Assessment for Interest (SAFI) on Wisconsin employers. Essentially, Wisconsin employers of all sizes have been required to pay a new tax to fund these interest payments at the very time many are struggling to survive and make payroll. This assessment has hit employers indiscriminately- even those with individual reserve fund balances that are positive are required to pay. Most concerning, small businessmen and women that we have spoken to who have never laid-off a single employee are being required to pay this assessment.

These assessments, leveled on employers on a per-employee basis, make it more difficult for businesses to hire more employees, make capital investments, and generally expand their businesses. Therefore, this legislation will assist our business owners by using General Purpose Revenue to pay Wisconsin's SAFI obligations over the next two years. Based on current projections, this infusion of \$26 million GPR will be sufficient to prevent employers from having to worry about making additional SAFI payments for the foreseeable future.

Because interest payments are made to the federal government in September and employers are notified of their assessments in early summer, employers will soon be required to make the difficult decisions about how they will finance their coming assessments. Therefore, it is important that the legislature act quickly to consider this legislation to provide employers a reprieve from this new tax and allow them to focus their scarce resources on growing their businesses and Wisconsin's economy.

While there is much we can do to help support the job creators of our state, this proposal will provide immediate relief to help many small businesses survive and hopefully even grow.

If you are interested in co-sponsoring LRB 1636/2, please contact Senator Leibham's office at: 6-2056 or Representative Klenke's office at: 6-0485 no later than **5:00 PM on April 12th**.

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 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.

<< File: 13-1636_2.pdf >>

Lucas Moench

Chief of Staff

State Senator Joe Leibham

9th Senate District

608-266-2056



DNOTE
State of Wisconsin
2013 - 2014 LEGISLATURE

2102/1

LRB-100672
JTK:cjs:rs
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2013 BILL

MON 4/8 - AM

SAW

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PLS

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

BILL

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.

BILL**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 these 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

BILL

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)



A handwritten note "d-note" is circled in black ink in the lower right quadrant of the page.

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

~~February 18, 2013~~

2102/ida
LRB-1686/1dr
JTK:cjs:jm
T
stays

Representative Klenke
Klenke

Senator Leibham:

Because the biennial budget act repeals and recreates the appropriation schedule under s. 20.005 (3), stats., if the bill resulting from this draft becomes law before enactment of the budget act and the budget act does not include the funding provided in this draft, the effect will be to eliminate the funding provided in this draft. To preserve the funding provided under this draft, you may wish to seek inclusion of the funding in the biennial budget bill.

Jeffery T. Kuesel
Managing Attorney
Phone: (608) 266-6778

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2102/1dn
JTK:cjs:ph

April 8, 2013

Representative Klenke:

Because the biennial budget act repeals and recreates the appropriation schedule under s. 20.005 (3), stats., if the bill resulting from this draft becomes law before enactment of the budget act and the budget act does not include the funding provided in this draft, the effect will be to eliminate the funding provided in this draft. To preserve the funding provided under this draft, you may wish to seek inclusion of the funding in the biennial budget bill.

Jeffery T. Kuesel
Managing Attorney
Phone: (608) 266-6778

Barman, Mike

From: Henkel, Matt
Sent: Tuesday, April 16, 2013 8:46 AM
To: LRB.Legal
Subject: Draft Review: LRB -2102/1 Topic: GPR appropriation for UI reserve fund interest payments

Please Jacket LRB -2102/1 for the ASSEMBLY.