

**1999 DRAFTING REQUEST**

**Assembly Joint Resolution**

Received: 01/8/99

Received By: **kuesejt**

Wanted: **Soon**

Identical to LRB:

For: **Daniel Vrakas (608) 266-3007**

By/Representing: **Brian Pleva**

This file may be shown to any legislator: **NO**

Drafter: **kuesejt**

May Contact:

Alt. Drafters:

Subject: **Unemployment Compensation**

Extra Copies:

**Topic:**

Administration and financing of employment security system

**Instructions:**

Per 1997 LRB - 3302/2.

**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>
/?	kuesejt 01/11/99	kgeller 01/11/99		_____			
/1			martykr 01/12/99	_____	lrb_docadmin 01/12/99		
/2	kuesejt 01/13/99	gilfokm 01/13/99	lpaasch 01/14/99	_____	lrb_docadmin 01/14/99	lrb_docadmin 01/21/99	

FE Sent For:

<END>

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1/1	kuesejt 1/11	1/11 JLG 1-11 King	dm/12	Ch dm/12			

FE Sent For:

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**Daniel P. Vrakas**  
Wisconsin State Representative

Chair: Assembly Committee on Labor & Employment  
Vice-Chair Majority Caucus

# Memo

**To:** Jeff Kuesel  
**From:** Brian Pleva *Brian*  
**Date:** 01/07/99  
**Re:** Draft Request

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Please find the attached copy of a 1997 Assembly Joint Resolution you drafted for Rep. Vrakas last session. He would like it to be updated and redrafted for this session.

If you have any questions, feel free to contact me at 4-8668. Thank you very much.

---

P.O. Box 8953 • Madison, Wisconsin 53708-8953  
Office: (608) 266-3007 • Residence: (414) 367-5201  
Message Hotline: 1 (800) 362-9472  
Rep.Vrakas@legis.state.wi.us



SOON

1999  
1997 ASSEMBLY JOINT RESOLUTION

1 Relating to: urging Congress to enact legislation to reform the employment security  
2 system.

3 Whereas, the employment security (ES) system was created to help reduce the  
4 economic hardship of unemployed workers by temporarily providing for the partial  
5 replacement of lost income, promoting reemployment, preventing unemployment  
6 and stabilizing the economy during recessions; and

7 Whereas, the ES system consists of unemployment insurance (UI), labor  
8 exchange services and labor market information services; and

9 Whereas, as now structured, employers must pay 2 separate payroll taxes to  
10 support the ES system, a federal tax under the Federal Unemployment Tax Act  
11 (FUTA) to finance program administrative expenses, and a state UI tax to pay for  
12 actual unemployment insurance benefits; and

13 Whereas, all state UI and FUTA tax revenue collected through the ES system  
14 is maintained by the federal government, in 53 separate accounts for each state's UI  
15 taxes (federal law defines the District of Columbia, Puerto Rico and the Virgin  
16 Islands as "states" for the purposes of unemployment insurance), and 3 separate  
17 federal accounts for the FUTA tax; and

1           Whereas, FUTA tax moneys are returned to the states in the form of federal  
2           categorical grants for program administration that, in nearly all states, are  
3           significantly less than the amounts collected in FUTA revenue from each state's  
4           employers; and

5           Whereas, in federal fiscal year 1995, employers in 45 states (including  
6           Wisconsin) and the District of Columbia paid more in FUTA taxes than their states  
7           and the district got back in federal grants; and

8           Whereas, for federal fiscal year 1995, Wisconsin paid \$125<sup>✓</sup> million in FUTA  
9           taxes and got back only \$63.2 million in federal grants; and

10          Whereas, in federal fiscal year 1996, only around 60% of FUTA revenue  
11          received by the federal government was appropriated for state program  
12          administration; and

13          Whereas, as a condition of receiving grants for program administration, states  
14          are subject to numerous federal regulations, mandates and directives that impede  
15          efficient program management; and

16          Whereas, the accounts being maintained by the federal government have  
17          accumulated large surpluses that are being used to offset the federal deficit; and

18          Whereas, at the end of federal fiscal year 1996, the 3 federal accounts had  
19          balances totaling \$15.3<sup>✓</sup> billion; and

20          Whereas, congressional appropriations for ES program administration  
21          continue to decline despite these large surpluses in the UI dedicated federal  
22          accounts, and Congress has repeatedly extended a temporary FUTA surtax that has  
23          generated increasingly large balances in these federal trust funds; and

1           Whereas, a system can be established to support funding levels for states that  
2 currently receive more in federal grants than their employers pay in FUTA taxes;  
3 and

4           Whereas, insufficient administrative funding may cause a decline in  
5 employment services, resulting in a delay in claimants' return to work and,  
6 consequently, a possible rise in state UI taxes; and

7           Whereas, permitting control by the states of the money in their federal accounts  
8 would allow states to receive back the vast majority of the amounts paid by their  
9 employers, and retaining the federal accounts while giving states the control of the  
10 money they contribute to these accounts would allow the accounts to continue to  
11 offset the federal deficit; and

12           Whereas, state responsibility for the administration and funding of the ES  
13 system would cut the paperwork burden on employers by eliminating the need to file  
14 2 separate tax forms, would decrease costs of administration by eliminating the  
15 "middle person" role of the Internal Revenue Service in collection of FUTA taxes,  
16 would drastically decrease federal program regulation and permit states to design  
17 programs tailored to the needs of their individual state work forces and employers,  
18 and would significantly reduce federal bureaucracies; now, therefore, be it

19           *Resolved by the assembly, the senate concurring, That* the Wisconsin  
20 legislature hereby respectfully urges the Congress of the United States to let the  
21 FUTA surtax expire, transfer much of the administration and financing of the ES  
22 system to the states while retaining funds in the unified federal budget, and retain  
23 the federal government's role of ensuring nationwide application of a minimum  
24 number of fundamental standards; and, be it further







State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-1676/2

ITK:jlg&kmg:km

stays

Wanted THV 1/14 A.M.

## 1999 ASSEMBLY JOINT RESOLUTION

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2 system.

3 Whereas, the employment security (ES) system was created to help reduce the  
4 economic hardship of unemployed workers by temporarily providing for the partial  
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7 Whereas, in federal fiscal year 1995, employers in 45 states (including  
8 Wisconsin) and the District of Columbia paid more in FUTA taxes than their states  
9 and the district got back in federal grants; and

10 Whereas, for federal fiscal year <sup>1997</sup>~~1995~~, Wisconsin paid <sup>2131.9</sup>~~2135~~ million in FUTA  
11 taxes and got back only <sup>266.3</sup>~~366.2~~ million in federal grants; and

12 Whereas, in federal fiscal year 1996, only around 60% of FUTA revenue  
13 received by the federal government was appropriated for state program  
14 administration; and

15 Whereas, as a condition of receiving grants for program administration, states  
16 are subject to numerous federal regulations, mandates and directives that impede  
17 efficient program management; and

18 Whereas, the accounts being maintained by the federal government have  
19 accumulated large surpluses that are being used to offset the federal deficit; and

20 Whereas, at the end of federal fiscal year 1996, the 3 federal accounts had  
21 balances totaling \$15.3 billion; and

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23 continue to decline despite these large surpluses in the UI dedicated federal  
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24          number of fundamental standards; and, be it further



**Barman, Mike**

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**From:** Barman, Mike  
**Sent:** Thursday, January 14, 1999 10:20 AM  
**To:** Pleva, Brian  
**Cc:** Kuesel, Jeffery  
**Subject:** LRB 99-1676/2



99-1676/2

Per your request.

Rep.  
Pleva → Uvabkas  
- 1676  
via email

**SUBMITTAL  
FORM**

**LEGISLATIVE REFERENCE BUREAU  
Legal Section Telephone: 266-3561  
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and sign on the appropriate line(s) below.

**Date:** 1/14/99

**To:** Representative Vrakas

**Relating to LRB drafting number:** LRB-1676

**Topic**

Administration and financing of employment security system

**Subject(s)**

Unemployment Compensation

1. **JACKET** the draft for introduction \_\_\_\_\_

in the Senate  or the Assembly  (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached \_\_\_\_\_

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction \_\_\_\_\_

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

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

*Jim Vrakas*

*N/A*

*Jim Vrakas*

Not Needed