



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2005 Wisconsin Act 86
[2005 Senate Bill 426]

Unemployment Insurance Changes

2005 Wisconsin Act 86 makes numerous changes to the state's unemployment insurance system. The Act is a result of the recommendations of the state's Unemployment Insurance Advisory Council. A number of the provisions of the Act are summarized below.

- The Act increases the maximum weekly benefit rate by \$12 beginning January 1, 2006, and by \$14 beginning January 7, 2007.
- The Act provides that if an employee is discharged for failing to notify an employer of tardiness or absenteeism that becomes excessive (as defined in the Act) and the employer complies with certain requirements specified in the Act, the employee is ineligible to receive benefits until six weeks have elapsed since the end of the week in which the discharge occurs, and the employee subsequently earns wages equal to at least six times the employee's weekly unemployment insurance benefit rate.
- The Act repeals the requirement that a self-employed individual search for employment each week to be eligible for unemployment insurance benefits.
- The Act provides that "employer fault" includes an employer's failure to respond to an unemployment insurance adjudicator's request for information during a fact-finding interview and that any benefits erroneously paid that were charged to the employer's account on account of the employer's failure to respond will "stand as paid" even if the employer subsequently provides the information, unless the employer had good cause for the failure.
- The Act eliminates the wage disregard applicable to wages paid to volunteer firefighters, volunteer emergency medical technicians, and volunteer first responders for purposes of determining partial unemployment benefits.
- The Act allows for the revocation of the right of an employer agent to represent employers for unemployed insurance purposes for continued failure to provide information during fact-finding investigations if the failure occurs in 5% of cases appealed to an appeal tribunal and if there is no finding by the administrative law judge that the failure was for good cause.

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

- The Act requires the Department of Workforce Development (DWD) to assess all employers that are nonprofit organizations and that have elected reimbursement financing (except Indian tribes) an amount necessary to cover any “uncollectible” amounts due for reimbursement financing whenever other such employers owe \$5,000 or more in uncollectible reimbursement financing. The total amount that may be assessed in any single year to all such employers is \$200,000.
- The Act requires that unemployment insurance account experience be transferred to the buyer of a business when both the seller and buyer are owned, controlled, and managed by the same interests. The Act also prohibits transfer of account experience when a new business acquires an existing business for the primary purpose of obtaining a tax rate lower than the standard new employer rate.
- The Act requires employer agents who prepare reports on behalf of fewer than 25 employers to make their reports through DWD’s Internet site. In addition, the Act requires employers not using an agent and who report 50 or more employees for unemployment insurance purposes to use any electronic media to file their wage reports.
- The Act allows DWD to file a lien against an individual who has been found personally liable for a corporate unemployment insurance tax debt.
- The Act specifies that the levy fee paid to a third party in possession of property of a debtor for unemployment insurance purposes is in addition to the levy amount and establishes a multiple payment levy fee of \$15.
- The Act removes the general exclusion from unemployment insurance benefits applicable to persons employed in the processing of fresh fruits and vegetables during the active processing season.
- The Act provides that reports from DWD’s conditions of employment database, which are used to determine benefit eligibility when labor market and occupational data is necessary, are prima facie evidence in unemployment insurance hearings without the need for certification by an expert.
- The Act eliminates DWD’s authority to offset benefit payments in order to recover administrative assessment levies against imposters.
- The Act permits DWD to use up to \$1 million in federal Reed Act grant moneys for unemployment insurance administration, if needed, in fiscal year 2007.
- The Act directs DWD to complete a study regarding the fiscal stability of the unemployment insurance fund.
- The Act creates and provides funding for a half-time position in the Department of Justice for the purpose of prosecuting tax and benefit fraud.

Effective Date: The general effective date of the Act is January 1, 2006, but various provisions of the Act may first apply on subsequent dates.

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RJC:tlu:ksm