

HOUSE BILL No. 1409

DIGEST OF INTRODUCED BILL

Citations Affected: IC 22-4.

Synopsis: Unemployment compensation. Increases the earnings base used to compute unemployment compensation to a maximum of \$7,200 in a calendar quarter. Decreases the unemployment compensation contribution rate schedules for employers with a merit rating by 15%. Decreases the unemployment compensation contribution rate schedule for employers with a penalty rating to the lowest amount allowed under federal law. Makes conforming amendments.

Effective: July 1, 2000.

Bodiker

January 11, 2000, read first time and referred to Committee on Labor and Employment.

C
o
p
y



Introduced

Second Regular Session 111th General Assembly (2000)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1999 General Assembly.

HOUSE BILL No. 1409

A BILL FOR AN ACT to amend the Indiana Code concerning labor and industrial safety.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 22-4-4-2 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 2000]: Sec. 2. (a) Except as otherwise provided
3 in this section, "wages" means all remuneration as defined in section
4 1 of this chapter paid to an individual by an employer, remuneration
5 received as tips or gratuities in accordance with Sections ~~3301 and~~
6 3102 **and 3301** et seq. of the Internal Revenue Code, and includes all
7 remuneration considered as wages under Sections ~~3301 and~~ 3102 **and**
8 **3301** et seq. of the Internal Revenue Code. However, the term shall not
9 include any amounts paid as compensation for services specifically
10 excluded by IC 22-4-8-3 from the definition of employment as defined
11 in IC 22-4-8-1 and IC 22-4-8-2. The term shall include, but not be
12 limited to, any payments made by an employer to an employee or
13 former employee, under order of the National Labor Relations Board,
14 or a successor thereto, or agency named to perform the duties thereof,
15 as additional pay, back pay, or for loss of employment, or any such
16 payments made in accordance with an agreement made and entered
17 into by an employer, a union, and the National Labor Relations Board.

2000

IN 1409—LS 7262/DI 96+



C
O
P
Y

1 (b) The term "wages" shall not include the following:

2 (1) That part of remuneration which, after remuneration equal to
3 seven thousand dollars (\$7,000), has been paid in a calendar year
4 to an individual by an employer or his predecessor with respect to
5 employment during any calendar year subsequent to December
6 31, 1982, unless that part of the remuneration is subject to a tax
7 under a federal law imposing a tax against which credit may be
8 taken for contributions required to be paid into a state
9 unemployment fund. For the purposes of this subdivision, the
10 term "employment" shall include service constituting employment
11 under any employment security law of any state or of the federal
12 government. However, nothing in this subdivision shall be taken
13 as an approval or disapproval of any related federal legislation.

14 (2) The amount of any payment (including any amount paid by an
15 employer for insurance or annuities or into a fund to provide for
16 any such payment) made to, or on behalf of, an individual or any
17 of his dependents under a plan or system established by an
18 employer which makes provision generally for individuals
19 performing service for it (or for such individuals generally and
20 their dependents) or for a class or classes of such individuals (or
21 for a class or classes of such individuals and their dependents) on
22 account of:

23 (A) retirement;

24 (B) sickness or accident disability;

25 (C) medical or hospitalization expenses in connection with
26 sickness or accident disability; or

27 (D) death.

28 (3) The amount of any payment made by an employer to an
29 individual performing service for it (including any amount paid
30 by an employer for insurance or annuities or into a fund to
31 provide for any such payment) on account of retirement.

32 (4) The amount of any payment on account of sickness or accident
33 disability, or medical or hospitalization expenses in connection
34 with sickness or accident disability made by an employer to, or on
35 behalf of, an individual performing services for it and after the
36 expiration of six (6) calendar months following the last calendar
37 month in which the individual performed services for such
38 employer.

39 (5) The amount of any payment made by an employer to, or on
40 behalf of, an individual performing services for it or to his
41 beneficiary:

42 (A) from or to a trust exempt from tax under Section 401(a) of

C
O
P
Y



1 the Internal Revenue Code at the time of such payment unless
 2 such payment is made to an individual performing services for
 3 the trust as remuneration for such services and not as a
 4 beneficiary of the trust; or

5 (B) under or to an annuity plan which, at the time of such
 6 payments, meets the requirements of Section 401(a)(3),
 7 401(a)(4), 401(a)(5), and 401(a)(6) of the Internal Revenue
 8 Code.

9 (6) Remuneration paid in any medium other than cash to an
 10 individual for service not in the course of the employer's trade or
 11 business.

12 (7) The amount of any payment (other than vacation or sick pay)
 13 made to an individual after the month in which he attains the age
 14 of sixty-five (65) if he did not perform services for the employer
 15 in the period for which such payment is made.

16 (8) The payment by an employer (without deduction from the
 17 remuneration of the employee) of the tax imposed upon an
 18 employee under Sections 3101 et seq. of the Internal Revenue
 19 Code (Federal Insurance Contributions Act).

20 SECTION 2. IC 22-4-4-3 IS AMENDED TO READ AS FOLLOWS
 21 [EFFECTIVE JULY 1, 2000]: Sec. 3. (a) For calendar quarters
 22 beginning on and after April 1, 1979, and before April 1, 1984, "wage
 23 credits" means remuneration paid for employment by an employer to
 24 an individual. Wage credits may not exceed three thousand six hundred
 25 sixty-six dollars (\$3,666) and may not include payments specified in
 26 section 2(b) of this chapter.

27 (b) For calendar quarters beginning on and after April 1, 1984, and
 28 before April 1, 1985, "wage credits" means remuneration paid for
 29 employment by an employer to an individual. Wage credits may not
 30 exceed three thousand nine hundred twenty-six dollars (\$3,926) and
 31 may not include payments specified in section 2(b) of this chapter.

32 (c) For calendar quarters beginning on and after April 1, 1985, and
 33 before January 1, 1991, "wage credits" means remuneration paid for
 34 employment by an employer to an individual. Wage credits may not
 35 exceed four thousand one hundred eighty-six dollars (\$4,186) and may
 36 not include payments specified in section 2(b) of this chapter.

37 (d) For calendar quarters beginning on and after January 1, 1991,
 38 and before July 1, 1995, "wage credits" means remuneration paid for
 39 employment by an employer to an individual. Wage credits may not
 40 exceed four thousand eight hundred ten dollars (\$4,810) and may not
 41 include payments specified in section 2(b) of this chapter.

42 (e) For calendar quarters beginning on and after July 1, 1995, and



C
O
P
Y

1 before July 1, 1997, "wage credits" means remuneration paid for
 2 employment by an employer to an individual and remuneration
 3 received as tips or gratuities in accordance with Sections ~~3301 and~~
 4 3102 **and 3301** et seq. of the Internal Revenue Code. Wage credits may
 5 not exceed five thousand dollars (\$5,000) and may not include
 6 payments specified in section 2(b) of this chapter.

7 (f) For calendar quarters beginning on and after July 1, 1997, and
 8 before July 1, 1998, "wage credits" means remuneration paid for
 9 employment by an employer to an individual and remuneration
 10 received as tips or gratuities in accordance with Sections ~~3301 and~~
 11 3102 **and 3301** et seq. of the Internal Revenue Code. Wage credits may
 12 not exceed five thousand four hundred dollars (\$5,400) and may not
 13 include payments specified in section 2(b) of this chapter.

14 (g) For calendar quarters beginning on and after July 1, 1998, and
 15 before July 1, 1999, "wage credits" means remuneration paid for
 16 employment by an employer to an individual and remuneration
 17 received as tips or gratuities in accordance with Sections ~~3301 and~~
 18 3102 **and 3301** et seq. of the Internal Revenue Code. Wage credits may
 19 not exceed five thousand six hundred dollars (\$5,600) and may not
 20 include payments that are excluded from the definition of wages under
 21 section 2(b) of this chapter.

22 (h) For calendar quarters beginning on and after July 1, 1999, **and**
 23 **before July 1, 2000**, "wage credits" means remuneration paid for
 24 employment by an employer to an individual and remuneration
 25 received as tips or gratuities in accordance with Sections ~~3301 and~~
 26 3102 **and 3301** et seq. of the Internal Revenue Code. Wage credits may
 27 not exceed five thousand eight hundred dollars (\$5,800) and may not
 28 include payments that are excluded from the definition of wages under
 29 section 2(b) of this chapter.

30 **(i) For calendar quarters beginning on and after July 1, 2000,**
 31 **"wage credits" means remuneration paid for employment by an**
 32 **employer to an individual and remuneration received as tips or**
 33 **gratuities in accordance with Sections 3102 and 3301 et seq. of the**
 34 **Internal Revenue Code. Wage credits may not exceed seven**
 35 **thousand two hundred dollars (\$7,200) and may not include**
 36 **payments that are excluded from the definition of wages under**
 37 **section 2(b) of this chapter.**

38 SECTION 3. IC 22-4-11-3 IS AMENDED TO READ AS
 39 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 3. (a) Except as
 40 provided in section 3.1 of this chapter, the applicable schedule of rates
 41 for the calendar year 1983 and thereafter shall be determined by the
 42 ratio resulting when the balance in the fund as of the determination



C
O
P
Y

1 date is divided by the total payroll of all subject employers for the
 2 immediately preceding calendar year. Schedule A, B, C, or D,
 3 appearing on the line opposite the fund ratio in the schedule below,
 4 shall be applicable in determining and assigning each employer's
 5 contribution rate for the calendar year immediately following the
 6 determination date. For the purposes of this subsection, "total payroll"
 7 means total remuneration reported by all contributing employers as
 8 required by this article and does not include the total payroll of any
 9 employer who elected to become liable for payments in lieu of
 10 contributions (as defined in IC 22-4-2-32). For the purposes of this
 11 subsection, "subject employers" means those employers who are
 12 subject to contribution.

13 **FUND RATIO SCHEDULE**

14 When the Fund Ratio Is:

15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42
	As Much As	But Less Than																									
		1.0%																									
	1.0%	1.5%																									
	1.5%	2.25%																									
	2.25%																										

(b) If the conditions and requirements of section 2 of this chapter are met, the rate of contributions shall be determined and assigned, with respect to each calendar year, to employers whose accounts have a credit balance and who are eligible therefor according to each employer's credit reserve ratio. Each employer shall be assigned the contribution rate appearing in the applicable schedule A, B, C, or D on the line opposite his credit reserve ratio as set forth in the rate schedule below:

RATE SCHEDULE FOR ACCOUNTS WITH CREDIT BALANCES

When the Credit Reserve Ratio Is:

32	33	34	35	36	37	38	39	40	41	42
As	But	Rate Schedules (%)								
Much	Less									
As	Than	A	B	C	D					
3.0		1.2 1.02	0.2 0.17	0.2 0.17	0.2 0.17					
2.8	3.0	1.4 1.19	0.4 0.34	0.2 0.17	0.2 0.17					
2.6	2.8	1.6 1.36	0.6 0.51	0.2 0.17	0.2 0.17					
2.4	2.6	1.8 1.53	0.8 0.68	0.4 0.34	0.2 0.17					
2.2	2.4	2.0 1.70	1.0 0.85	0.6 0.51	0.2 0.17					
2.0	2.2	2.2 1.87	1.2 1.02	0.8 0.68	0.4 0.34					
1.8	2.0	2.4 2.04	1.4 1.19	1.0 0.85	0.6 0.51					
1.6	1.8	2.6 2.21	1.6 1.36	1.2 1.02	0.8 0.68					



COPY

1	1.4	1.6	2.8 2.38	1.8 1.53	1.4 1.19	1.0 0.85
2	1.2	1.4	3.0 2.55	2.0 1.70	1.6 1.36	1.2 1.02
3	1.0	1.2	3.2 2.72	2.2 1.87	1.8 1.53	1.4 1.19
4	0.8	1.0	3.4 2.89	2.4 2.04	2.0 1.70	1.6 1.36
5	0.6	0.8	3.6 3.06	2.6 2.21	2.2 1.87	1.8 1.53
6	0.4	0.6	3.8 3.23	2.8 2.38	2.4 2.04	2.0 1.70
7	0.2	0.4	4.0 3.40	3.0 2.55	2.6 2.21	2.2 1.87
8	0	0.2	4.2 3.57	3.2 2.72	2.8 2.38	2.4 2.04

9 (c) Each employer whose account as of any computation date
10 occurring on and after June 30, 1984, shows a debit balance shall be
11 assigned the rate of contributions appearing on the line opposite his
12 debit ratio as set forth in the following rate schedule for accounts with
13 debit balances:

14 **RATE SCHEDULE FOR ACCOUNTS**
15 **WITH DEBIT BALANCES**

16 When the Debit Reserve Ratio Is:

17	As	But	Rate Schedules (%)			
18	Much	Less				
19	As	Than	A	B	C	D
20		1.5	4.5 3.825	4.4 3.740	4.3 3.655	4.2 3.570
21	1.5	3.0	4.8 4.080	4.7 3.995	4.6 3.910	4.5 3.825
22	3.0	4.5	5.1 4.335	5.0 4.250	4.9 4.165	4.8 4.080
23	4.5	6.0	5.4 4.590	5.3 4.505	5.2 4.420	5.1 4.335
24	6.0		5.7 5.400	5.6 5.400	5.5 5.400	5.4 5.400

25 (d) Any adjustment in the amount charged to any employer's
26 experience account made subsequent to the assignment of rates of
27 contributions for any calendar year shall not operate to alter the amount
28 charged to the experience accounts of any other base-period employers.

C
O
P
Y

