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STATE OF MINNESOTA
Office Memorandum

Department of Jobs and Training

To : Maryanne V. Hruby
Legislative Commission to
Review Administrative Rules

Date: July 13, 1993

From : ^{Mike} Michael J. Fratto
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Management Planning

Phone: 6-3574

Subject: SONAR for MN Rules 3315.1020 and 3315.1315

As required by Minnesota Statutes §§14.131 and 14.23, I am submitting a copy of the Statement of Need and Reasonableness for proposed revisions to Minnesota Rules 3315.120 and 3315.1315.

The Notice of Intent to Adopt Rules will be published in the July 26, 1993 State Register. The Statement of Need and Reasonableness is now available to the public.

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STATE OF MINNESOTA
DEPARTMENT OF JOBS AND TRAINING

In the Matter of Proposed
Rules Relating to Unemployment
Compensation Employer Taxes,
Minnesota Rule, Parts 3315.1020
and 3315.1315

Statement of Need
and Reasonableness

INTRODUCTION

These proposed rules are presented by the Department of Jobs and Training in accordance with Minnesota Statutes, sections 14.22 to 14.28 of the Administrative Procedures Act. These rules interpret Minnesota Statutes, section 268.06, which determines the assignment of tax rates to employers and methods of reporting. These rules have been developed as authorized by Minnesota Statutes, section 268.021, which permits the Commissioner to adopt rules governing programs the Commissioner administers under Minnesota Statutes, Chapter 268.

The proposed rules would amend the existing rules in Minnesota Rules, parts 3315.1020 and 3315.1315, and represent codification of existing departmental policy and practice.

DISCUSSION

3315.1020 CONSOLIDATED REPORTS

Subpart 10. Joint account. This proposed rule amends existing rule 3315.1020 by deleting the requirement that wages paid to concurrent employees of a common paymaster be reported under a separate unit of the paymaster's account. The rule is needed to codify existing departmental policy and procedure, and is reasonable because it will ease the reporting burden of employers without adverse impact on the department's ability to process tax reports and benefit claims. (Revisor's copy, page 1, line 11)

3315.1315 EXPERIENCE RATES

Subpart 1. When chargeability begins. The proposed language provides that an employer's experience rating account first becomes chargeable for employee benefits on the first day of the quarter immediately following the quarter of initial covered employment. An employer's eligibility for an experience rate is determined by the initial chargeability date. The proposed rule is necessary to conform with the definition of chargeability as stated in the Department of Labor's Unemployment Insurance Program Letter No. 29-83, dated June 23, 1983, which states that an employer's account first becomes chargeable when the unemployment of a worker who is or has been employed could be reflected in the employer's account. Minnesota Statute section

268.04, Subd. 2 allows certain claimants to use as wage credits wages paid in covered employment during the quarter immediately preceding the quarter in which the claim is filed. The proposed change is reasonable because it will bring the definition of chargeability into conformity with Department of Labor policy and because it will update the rule to complement the change in the definition of base period that became effective in 1988. (Revisor's copy, page 1, line 25)

Subpart 4. Previously liable employing unit. The proposed language provides that a previously liable employer will retain employment experience if it again becomes subject to the law and if less than fourteen (14) quarters have elapsed in which no covered wages were paid or due and payable. Section 268.04, Subd. 2 provides for base periods that can include up to eight calendar quarters. Once a claim is filed, benefits can potentially be paid during the quarter in which the claim is filed, and for four subsequent quarters. The proposed change is necessary to reflect the fact that an employer's account is potentially chargeable with benefits paid to a claimant for thirteen (13) quarters following the quarter of last employment. It is reasonable because it will provide an employer with an employment experience record for a period of time that exactly coincides with the period of time that the account remains chargeable. (Revisor's copy, page 1, line 35)