

UNEMPLOYMENT INSURANCE ISSUES UPDATE

Background

Following development of the charge to the team and its approval by the Jobs and Economic Development Subcabinet, the team assumed its role of monitoring the progress of the Department of Economic Security Advisory Council. The Council developed a unanimously agreed upon legislative proposal which was arrived at only after lengthy negotiations involving substantial give and take by all parties. Consequently, it would have been inappropriate for the team to have conducted any analysis with a view toward recommending change. While the legislation was not enacted, the Governor has requested and further Advisory Council action is still pending. Accordingly, it would still be inappropriate for the issue team to take any action other than to provide a summary of the legislation's major provisions.

Summary

The proposed legislation would have amended the Employment Security Law in the following manner:

1. Changed the benefit system from one of weeks with earnings in a particular week to a system of quarterly wages.
2. Removed two federal conformity issues from the law: the differing wages bases for different categories of employers and the limits on annual rate changes.

3. Altered the taxable wage base by establishing finite amounts through 1987 but reinstated an escalating formula based on wage increases starting in 1988.
4. Removed a .25% weighting factor in the experience rating formula.
5. Added a temporary .25% solvency tax for all employers until the debt was repaid and a solvency measure was met.
6. Decreased the minimum tax for employers with no benefit charges in five years to seven-tenths of one percent (a drop of 0.3).
7. Temporarily increased the maximum tax rate to 8 percent until the loan was repaid and a solvency measure was met at which time the maximum tax would have reverted to its present 7.5%.
8. Continued the 10 percent surcharge for any year when the fund is less than \$50 million. The funds from the surcharge could have been used for loan repayment or interest payments.
9. Extended and modified the temporary cap on the formula for calculating the maximum weekly benefit amount.
10. Excluded holiday pay as a deduction from weekly unemployment benefits.
11. Reinstated the eligibility of employees of private companies such as bus drivers who work under contract for school districts if their employer did not provide work and they could not find another summer job.
12. Established benefit entitlement for permanent part-time workers who are not covered under the current law because their weekly earnings are too low to meet the constantly escalating earnings requirements. This provision would have been effective in July 1986, about the same time the federal loans would have been expected to be repaid. Workers would have been covered if they worked at least 20 hours a week for 30 weeks. The usual eligibility and disqualification requirements would be more stringent for persons in this category.

Financial Impact

Under projected economic assumptions the bill, over five years, would have:

1. Limited increases in maximum weekly benefits and increased eligibility requirements thereby reducing expenditures by \$69 million and
2. Increased taxes by \$155.

These changes would have accelerated the collection of \$148 million in taxes in 1984 through 1986 and:

1. Repaid the debt by 1986;
2. Saved \$360 million in federal flat-rate taxes and interest payments in 1987 and 1988;
3. Replaced flat-rate federal taxes with State taxes which would have been about 50% experience rated;
4. Increased work force attachment needed to qualify for benefits; and
5. Temporarily limited the growth in the maximum weekly benefit amount.

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4 M..... moved to amend H. F. No. 1420, as follows:

5 Delete everything after the enacting clause and insert:

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7 "Section 1. Minnesota Statutes 1983 Supplement, section
8 268.04, subdivision 2, is amended to read:

9 Subd. 2. "Base period" means the period of 52 calendar
10 weeks immediately preceding the first day of an individual's
11 benefit year. However, if a claimant received weekly worker's
12 compensation for temporary total disability under the provisions
13 of chapter 176 or under a similar law of the United States for
14 more than seven weeks within the base period, or if a claimant,
15 whose own serious illness caused a loss of credit weeks within
16 the base period, received compensation due to the illness from
17 some other source or under a law of this state other than
18 chapter 176 or under a similar law of the United States for more
19 than seven weeks within the base period, the claimant's base
20 period shall be lengthened by the same number of weeks, but not
21 to exceed 52 weeks, for which the claimant received the
22 payments. No extended base period shall include wage credits
23 upon which benefits were established and paid with respect to a
24 prior valid claim first four of the last five completed calendar
25 quarters immediately preceding the first day of an individual's
26 benefit year. However, if during the last base period an
27 individual received workers' compensation for temporary
28 disability under chapter 176 or under similar law of the United
29 States, or if an individual, whose own serious illness caused a
30 loss of work for which the individual received compensation due
31 to the illness from some other source or under a law of this
32 state, other than chapter 176 or under a similar law of the
33 United States, the individual's base period shall be lengthened
34 to the extent stated as follows:

35 (a) If an individual was compensated, as described above,
36 for a loss of work of 7 through 19 weeks, the original base

1 period shall be extended to include the first calendar quarter
 2 preceding the original base period; or

3 (b) If an individual was compensated, as described above,
 4 for a loss of work of 20 through 32 weeks, the original base
 5 period shall be extended to include two calendar quarters
 6 preceding the base period; or

7 (c) If an individual was compensated, as described above,
 8 for a loss of work from 33 through 45 weeks, the original base
 9 period shall be extended to include the first three calendar
 10 quarters preceding the base period; or

11 (d) If an individual was compensated, as described above,
 12 for a loss of work from 46 through 52 weeks, the original base
 13 period shall be extended to include the first four quarters
 14 preceding the base period.

15 In no instance shall the base period be extended to include
 16 more than four additional calendar quarters.

17 No extended base period shall include wage credits upon
 18 which a claim was established and benefits were paid with
 19 respect to that valid claim.

20 Sec. 2. Minnesota Statutes 1982, section 268.04,
 21 subdivision 24, is amended to read:

22 Subd. 24. "Valid claim" with respect to any individual
 23 means a claim filed by an individual who has registered for work
 24 and who has earned wage credits ~~and established credit weeks~~
 25 during his base period sufficient to entitle him to benefits
 26 under section 268.07, subdivision 2.

27 Sec. 3. Minnesota Statutes 1983 Supplement, section
 28 268.04, subdivision 25, is amended to read:

29 Subd. 25. [WAGES.] "Wages" means all remuneration for
 30 services, including commissions and bonuses, back pay as of the
 31 date of payment, and tips and gratuities paid to an employee by
 32 a customer of an employer and accounted for by the employee to
 33 the employer, and the cash value of all remuneration in any
 34 medium other than cash, except that such term shall not include:

35 (a) For the purpose of determining contributions payable
 36 under section 268.06, subdivision 2, that part of the

1 remuneration which exceeds, for each calendar year, the greater
2 of 7,000 or that part of the remuneration which exceeds 60
3 percent of the average annual wage rounded to the nearest \$100
4 computed in accordance with the provisions of clause (f) \$10,400
5 for the calendar year 1985; \$10,700 for the calendar year 1986;
6 \$11,000 for the calendar year 1987; and for each subsequent
7 calendar year the amount of the previous year increased to the
8 nearest \$100 by the percentage, rounded to the nearest tenth of
9 one percent, by which the average annual wage computed under
10 clause (f) exceeds the average annual wage for the immediately
11 preceding calendar year, paid to an individual by an employer
12 with respect to covered employment in this state, or with
13 respect to employment under the unemployment compensation law of
14 any other state during any calendar year paid to such individual
15 by such covered employer or his predecessor during such calendar
16 year; provided, that if the term "wages" as contained in the
17 Federal Unemployment Tax Act is amended to include remuneration
18 in excess of the amount required to be paid hereunder to an
19 individual by an employer under the federal act for any calendar
20 year, wages for the purposes of sections 268.03 to 268.24 shall
21 include remuneration paid in a calendar year up to an amount
22 equal to the dollar limitation specified in the Federal
23 Unemployment Tax Act. For the purposes of this clause, the term
24 "employment" shall include service constituting employment under
25 any employment security law of another state or of the federal
26 government;

27 (b) The amount of any payment made to, or on behalf of, an
28 employee under a plan or system established by an employer which
29 makes provision for his employees generally or for a class or
30 classes of his employees (including any amount paid by an
31 employer for insurance or annuities, or into a fund, to provide
32 for any such payment), on account of (1) retirement or (2)
33 sickness or accident disability or (3) medical and
34 hospitalization expenses in connection with sickness or accident
35 disability, or (4) death, provided the employee has not the
36 option to receive, instead of provision for such death benefit,

1 any part of such payment, or if such death benefit is insured,
2 any part of the premium (or contributions to premiums) paid by
3 his employer and has not the right, under the provisions of the
4 plan or system or policy of insurance providing for such death
5 benefit, to assign such benefit, or to receive a cash
6 consideration in lieu of such benefit either upon his withdrawal
7 from the plan or system providing for such benefit or upon
8 termination of such plan or system or policy of insurance or of
9 his employment with such employer;

10 (c) The payment by an employer (without deduction from the
11 remuneration of the employee) (1) of the tax imposed upon an
12 employee under section 3101 of the federal Internal Revenue
13 Code, or (2) of any payment required from an employee under a
14 state unemployment compensation law, with respect to
15 remuneration paid to an employee for domestic service in a
16 private home of the employer or for agricultural labor;

17 (d) Any payments made to a former employee during the
18 period of active military service in the armed forces of the
19 United States by such employer, whether legally required or not;

20 (e) Any payment made to, or on behalf of, an employee or
21 his beneficiary (1) from or to a trust described in section
22 401(a) of the federal Internal Revenue Code which is exempt from
23 tax under section 501(a) of such code at the time of such
24 payment unless such payment is made to an employee of the trust
25 as remuneration for services rendered as an employee and not as
26 a beneficiary of the trust, or (2) under or to an annuity plan
27 which, at the time of such payment is a plan described in
28 section 403(a) of the federal Internal Revenue Code, or (c)
29 under or to a bond purchase plan which, at the time of such
30 payment, is a qualified bond purchase plan described in section
31 405(a) of the federal Internal Revenue Code;

32 (f) On or before July 1 of each year the commissioner shall
33 determine the average annual wage paid by employers subject to
34 sections 268.03 to 268.24 in the following manner:

35 (1) The sum of the total monthly employment reported for
36 the previous calendar year shall be divided by 12 to determine

1 the average monthly employment;

2 (2) The sum of the total wages reported for the previous
3 calendar year shall be divided by the average monthly employment
4 to determine the average annual wage.

5 The average annual wage determined shall be effective for
6 the calendar year next succeeding the determination.

7 Sec. 4. Minnesota Statutes 1983 Supplement, section
8 268.04, subdivision 29, is amended as follows:

9 Subd. 29. "Credit week" is any week for which wages or
10 back pay, actually or constructively paid, wages overdue and
11 delayed beyond the usual time of payment, and back pay by or
12 from one or more employers to an employee for insured work equal
13 or exceed 30 percent of the average weekly wage computed to the
14 nearest whole dollar. On or before June 30 of each year the
15 commissioner shall determine the average weekly wage paid by
16 employers subject to sections 268.03 to 268.24 in the following
17 manner:

18 (a) The sum of the total monthly employment reported for
19 the previous calendar year shall be divided by 12 to determine
20 the average monthly employment;

21 (b) The sum of the total wages reported for the previous
22 calendar year shall be divided by the average monthly employment
23 to determine the average annual wage; and

24 (c) The average annual wage shall be divided by 52 to
25 determine the average weekly wage.

26 The average weekly wage as so determined computed to the
27 nearest whole dollar shall apply to claims for benefits which
28 establish a benefit year which begins subsequent to December 31
29 of the year of the computation §94.

30 Sec. 5. Minnesota Statutes 1982, section 268.04, is
31 amended by adding a subdivision to read:

32 Subd. 34. [CONTRIBUTION REPORT.] "Contribution report"
33 means the summary report of wages and employment used to
34 determine the amount of contributions due by employers on a
35 calendar quarter basis. An auxiliary report of wages and
36 employment broken down by business locations, when required, is

1 part of the contribution report.

2 Sec. 6. Minnesota Statutes 1982, section 268.04, is
3 amended by adding a subdivision to read:

4 Subd. 35. [WAGE DETAIL REPORT.] "Wage detail report" means

5 the itemized report used to record the information required by

6 section 268.121.

7 Sec. 7. Minnesota Statutes 1982, section 268.04, is
8 amended by adding a subdivision to read:

9 Subd. 36. [HIGH QUARTER.] "High quarter" means the calendar

10 quarter in an individual's base period for which the total wage

11 credits paid to the individual during that quarter are equal to

12 or greater than the total wage credits paid to the individual

13 during any other calendar quarter in the individual's base

14 period.

15 Sec. 8. Minnesota Statutes 1983 Supplement, section
16 268.06, subdivision 2, is amended to read:

17 Subd. 2. [RATES.] Each employer shall pay contributions
18 equal to two and seven-tenths percent for each calendar year
19 prior to 1985 and 5-4/10 percent for 1985 and each subsequent
20 calendar year of wages paid and wages overdue and delayed beyond
21 the usual time of payment from him with respect to employment
22 occurring during each calendar year, except as may be otherwise
23 prescribed in subdivisions 3a and 4. **Each employer who has an**
24 **experience ratio of less than one-tenth of one percent shall pay**
25 **contributions on only the first \$8,000 in wages paid and wages**
26 **overdue and delayed beyond the usual time of payment to each**
27 **employee with respect to employment occurring during each**
28 **calendar year.**

29 Sec. 9. Minnesota Statutes 1983 Supplement, section
30 268.06, subdivision 3a, is amended to read:

31 Subd. 3a. [RATE FOR NEW EMPLOYERS.] Notwithstanding the
32 provisions of subdivision 2, each employer, who becomes subject
33 to this law, shall pay contributions at a rate:

34 (a) Not exceeding 2-7/10 percent, that is the higher of (1)
35 one percent and (2) the state's three-year benefit cost rate for
36 the 36 consecutive month period immediately preceding July 1 of

1 each year for each employer who becomes subject to this law
2 prior to January 1, 1984. For purposes of this clause, the
3 state's three-year benefit cost rate shall be computed annually
4 and shall be derived by dividing the total dollar amount of
5 benefits paid to claimants under this law during the 36
6 consecutive calendar months immediately preceding July 1 of each
7 year by the total dollar amount of wages subject to
8 contributions under this law during the same period. The rate
9 so determined shall be applicable for the calendar year next
10 succeeding each computation date.

11 (b) Not exceeding 2-7/10 percent, that is the higher of (1)
12 one percent and (2) the state's four-year benefit cost rate for
13 the 48 consecutive month period immediately preceding July 1 of
14 each year for each employer, except employers in the
15 construction industry, as determined by the commissioner, who
16 becomes subject to this law subsequent to December 31, 1983 and
17 prior to January 1, 1985. For purposes of this clause, the
18 state's four-year benefit cost rate shall be computed and
19 derived by dividing the total dollar amount of benefits paid to
20 claimants under this law during the 48 consecutive calendar
21 months immediately preceding July 1, 1983 by the total dollar
22 amount of wages subject to contributions under this law during
23 the same period. The rate so determined shall be applicable for
24 the calendar year 1984.

25 Each construction employer described above who becomes
26 subject to chapter 268 shall pay contributions at a rate, not
27 exceeding ~~7.5 percent~~ the maximum rate specified in subdivision
28 8, that is the higher of (1) one percent, or (2) the state's
29 four-year benefit cost rate for construction employers for the
30 48 consecutive month period immediately preceding July 1, 1983.
31 For purposes of this clause, the state's four-year benefit cost
32 rate shall be computed and derived by dividing the total dollar
33 amount of benefits paid to claimants of construction employers,
34 as determined by the commissioner, during the 48 consecutive
35 calendar months immediately preceding July 1, 1983 by the total
36 dollar amount of wages of construction employers subject to

1 contributions during the same period. The rate so determined
2 shall be applicable for the calendar year 1984.

3 (c) Not exceeding 5-4/10 percent, that is the higher of (1)
4 one percent and (2) the state's five-year benefit cost rate for
5 the 60 consecutive month period immediately preceding July 1,
6 1984 and each year thereafter for each employer, except
7 employers in the construction industry, as determined by the
8 commissioner who becomes subject to this law on January 1, 1985
9 and thereafter. For purposes of this clause, the state's
10 five-year benefit cost rate shall be computed annually and shall
11 be derived by dividing the total dollar amount of benefits paid
12 to claimants under this law during the 60 consecutive calendar
13 months immediately preceding July 1, 1984 and each year
14 thereafter by the total dollar amount of wages subject to
15 contributions under this law during the same period. The rate
16 so determined shall be applicable for the calendar year next
17 succeeding each computation date.

18 Each construction employer described above who becomes
19 subject to this chapter shall pay contributions at a rate, not
20 exceeding ~~7.5 percent~~ the maximum rate specified in subdivision
21 8, that is the higher of (1) one percent, or (2) the state's
22 five-year benefit cost rate for construction employers for the
23 60 consecutive month period immediately preceding July 1, 1984
24 and each year thereafter. For purposes of this clause, the
25 state's five-year benefit cost rate shall be computed annually
26 and shall be derived by dividing the total dollar amount of
27 benefits paid to claimants of construction employers, as
28 determined by the commissioner, during the 60 consecutive
29 calendar months immediately preceding July 1, 1984 and each year
30 thereafter by the total dollar amount of wages of construction
31 employers subject to contributions during the same period. The
32 rate so determined shall be applicable for the calendar year
33 next succeeding each computation date.

34 Sec. 10. Minnesota Statutes 1982, section 268.06,
35 subdivision 6, is amended to read:

36 Subd. 6. [COMPUTATION OF EACH EMPLOYER'S EXPERIENCE

1 RATIO.] The commissioner shall, for the calendar year 1966, and
2 for each calendar year thereafter, compute an experience ratio
3 for each employer whose account has been chargeable with
4 benefits;

5 (a) During the 36 consecutive calendar months immediately
6 preceding July 1 of the preceding calendar year for calendar
7 years up to December 31, 1983; except that, for any employer who
8 has not been subject to the Minnesota employment services law
9 for a period of time sufficient to meet the 36 consecutive
10 months requirement, the commissioner shall compute an experience
11 ratio if his account has been chargeable with benefits during at
12 least the 12 consecutive calendar months immediately preceding
13 July 1 of the preceding calendar year. Such experience ratio
14 shall be the quotient obtained by dividing $1\frac{1}{4}$ times the total
15 benefits charged to the employer's account during the period his
16 account has been chargeable but not less than the 12 or more
17 than the 36 consecutive calendar months ending on June 30 of the
18 preceding calendar year, by his total taxable payroll for the
19 same period on which all contributions due have been paid to the
20 department of economic security on or before July 31 of the
21 preceding calendar year. Such experience ratio shall be
22 computed to the nearest one-tenth of a percent.

23 (b) During the 48 consecutive calendar months immediately
24 preceding July 1, 1983 for the calendar year for 1984; except
25 that, for any employer who has not been subject to the Minnesota
26 employment services law for a period of time sufficient to meet
27 the 48 consecutive months requirement, the commissioner shall
28 compute an experience ratio if his account has been chargeable
29 with benefits during at least the 12 consecutive calendar months
30 immediately preceding July 1, 1983. Such experience ratio shall
31 be the quotient obtained by dividing $1\frac{1}{4}$ times the total
32 benefits charged to the employer's account during the period his
33 account has been chargeable but not less than the 12 or more
34 than the 48 consecutive calendar months ending on June 30, 1983,
35 by his total taxable payroll for the same period on which all
36 contributions due have been paid to the department of economic

1 security on or before July 31, 1983. Such experience ratio
2 shall be computed to the nearest one-tenth of a percent.

3 (c) During the 60 consecutive calendar months immediately
4 preceding July 1 of the preceding calendar year for 1985 and
5 each year thereafter; except that, for any employer who has not
6 been subject to the Minnesota employment services law for a
7 period of time sufficient to meet the 60 consecutive months
8 requirement, the commissioner shall compute an experience ratio
9 if his account has been chargeable with benefits during at least
10 the 12 consecutive calendar months immediately preceding July 1
11 of the preceding calendar year. Such experience ratio shall be
12 the quotient obtained by dividing $1\frac{1}{4}$ times the total benefits
13 charged to the employer's account during the period his account
14 has been chargeable but not less than the 12 or more than the 60
15 consecutive calendar months ending on June 30 of the preceding
16 calendar year for 1985 and each year thereafter, by his total
17 taxable payroll for the same period on which all contributions
18 due have been paid to the department of economic security on or
19 before July 31 of the preceding calendar year. Such experience
20 ratio shall be computed to the nearest one-tenth of a percent.

21 Sec. 11. Minnesota Statutes 1982, section 268.06,
22 subdivision 8, is amended to read:

23 Subd. 8. [DETERMINATION OF CONTRIBUTION RATES.] (1) For
24 each calendar year the commissioner shall determine the
25 contribution rate of each employer by adding the minimum rate to
26 , the employer's experience ratio, except that if the ratio for
27 the current calendar year increases or decreases the experience
28 ratio for the preceding calendar year by more than one and
29 one-half percentage points for 1982, and $2\frac{1}{2}$ percentage points
30 for 1983 and each year thereafter, the increase or decrease for
31 the current year shall be limited to one and one-half percentage
32 points for 1982, and $2\frac{1}{2}$ percentage points for 1983 and each
33 year thereafter, provided that a small business employer shall
34 be eligible, upon application, for a reduction in the limitation
35 to $1\frac{1}{2}$ percentage points for 1983 and each year thereafter.
36 "Small business employer" for the purpose of this subdivision

1 means an employer with an annual covered payroll of \$250,000 or
2 less, or fewer than 20 employees in three of the four quarters
3 ending June 30, of the previous calendar year and the solvency
4 rate if applicable.

5 (2) The minimum rate for all employers shall be one percent
6 if the amount in the unemployment compensation fund is less than
7 \$80,000,000 on June 30 of the preceding calendar year, or
8 nine-tenths of one percent if the fund is more than \$80,000,000
9 but less than \$90,000,000, or eight-tenths of one percent if the
10 fund is more than \$90,000,000 but less than \$110,000,000, or
11 seven-tenths of one percent if the fund is more than
12 \$110,000,000 but less than \$130,000,000, or six-tenths of one
13 percent if the fund is more than \$130,000,000 but less than
14 \$150,000,000, or five-tenths of one percent if the fund is more
15 than \$150,000,000 but less than \$170,000,000, or three-tenths of
16 one percent if the fund is more than \$170,000,000 but less than
17 \$200,000,000, or one-tenth of one percent if the fund is
18 \$200,000,000 or more, provided that no employer shall have a
19 contribution rate of more than 7.5 percent.

20 (3) A solvency rate for each employer shall be determined
21 as follows:

22 (a) All employers, except those making payments in lieu of
23 contributions, shall be assessed a solvency rate of one-fourth
24 of one percent for calendar year 1985 and for each year
25 thereafter until the amount in the unemployment compensation
26 fund is more than \$50,000,000 on April 1 in which year the
27 solvency rate shall be assessed for only its first two calendar
28 quarters.

29 (b) Employers who have had benefits charged to their
30 experience rating account during their applicable experience
31 rating period shall be assessed an additional solvency rate of
32 three-tenths of one percent for calendar year 1985 and each year
33 thereafter if the amount in the unemployment compensation fund
34 on June 30 of the preceding year is less than \$80,000,000,
35 two-tenths of one percent if \$80,000,000 but less than
36 \$90,000,000, and one-tenth of one percent if \$90,000,000 but

1 less than \$110,000,000.

2 (4) The maximum contribution rate shall be eight percent

3 until the amount in the unemployment compensation fund on April

4 1 of the preceding calendar year is more than \$50,000,000 and

5 shall be seven and one-half percent thereafter.

6 (5) For the purposes of this section the unemployment

7 compensation fund shall not include any moneys advanced from the
8 Federal Unemployment Account in the unemployment trust fund in
9 accordance with Title XII of the Social Security Act, as
10 amended. No employer first assigned an experience ratio in
11 accordance with subdivision 6, shall have his contribution rate
12 increased or decreased by more than one and one-half percentage
13 points for 1982, and 2-1/2 percentage points for 1983 and each
14 year thereafter over the contribution rate assigned for the
15 preceding calendar year in accordance with subdivision 3a,
16 provided that a small business employer shall be eligible, upon
17 application, for a reduction in the limitation to 1-1/2
18 percentage points for 1983 and each year thereafter.

19 Sec. 12. Minnesota Statutes 1983 Supplement, section
20 268.061, is amended to read:

21 268.061 [SURCHARGE; EMERGENCY INTEREST REPAYMENT FUND.]

22 Subdivision 1. [AMOUNT.] (1) Each employer, except those

23 making payments in lieu of contributions pursuant to section
24 268.06, subdivisions 25, 26, 27 and 28, shall pay an annual
25 surcharge of ten percent of contributions paid or due and
26 payable for the previous calendar years 1982 and 1983 year;

27 except that the surcharge shall not apply to any calendar year

28 if:

29 (a) the amount in the unemployment compensation fund is

30 \$50,000,000 or more on April 1 and on the immediately preceding

31 December 31, September 30, June 30 and April 1; and

32 (b) there were no outstanding Title XII advances or Title

33 XII interest obligations on the dates specified.

34 (2) The commissioner shall notify employers of the

35 contributions upon which the surcharge is based and the amount
36 of surcharge payable no later than August 1, 1983, and August 1,

1 1984 of each calendar year. The surcharge for a taxable year
 2 1982 shall be paid no later than August 31, 1983, and the
 3 surcharge for taxable year 1983 shall be paid no later than
 4 August 31, 1984.

5 (3) Payments due under this subdivision are subject to the
 6 collection provisions of sections 268.16 and 268.161. The
 7 surcharges paid under this subdivision are not contributions for
 8 the purposes of section 268.06, subdivision 6. The commissioner
 9 may temporarily reduce the amount of surcharge imposed by this
 10 section when there are sufficient funds raised by the surcharge
 11 to make the interest payment required on federal funds advanced
 12 to the state under section 1202 of the Social Security Act.

13 (4) For the purposes of this section the unemployment
 14 compensation fund shall not include any moneys advanced from the
 15 Federal Unemployment Account in the unemployment trust fund in
 16 accordance with Title XII of the Social Security Act.

17 Subd. 2. [EMERGENCY INTEREST REPAYMENT FUND, CREATION.] A
 18 special fund to be known as the emergency interest repayment
 19 fund is created in the state treasury. The special fund is
 20 separate and distinct from any fund or account created for any
 21 other purposes of sections 268.03 to 268.24. All collections
 22 from the surcharge shall be deposited in the special fund. All
 23 money in the special fund is appropriated to the commissioner to
 24 repay advances and to pay interest or principal accruing on
 25 funds advanced from the federal government pursuant to section
 26 1202 of the Social Security Act, and shall not be used for any
 27 other obligation of the state. All money in this fund shall be
 28 deposited, administered, and disbursed in the same manner and
 29 under the same conditions and requirements as are provided by
 30 law for the other special funds in the state treasury, except
 31 that all interest or net income resulting from the investment or
 32 deposit of money in the fund shall accrue to the emergency fund
 33 for the purposes of the fund.

34 Subd. 3. [REPORT TO LEGISLATURE.] On January 1, 1984, and
 35 on January 1, 1985, The commissioner shall report to the
 36 legislature annually on the status of the outstanding funds

1 advanced pursuant to section 1202 of the Social Security Act,
 2 including the interest charged on those funds. When all
 3 advanced funds and the interest charged on those funds have been
 4 repaid to the federal government, the commissioner shall
 5 recommend appropriate action by the legislature relating to the
 6 termination of the emergency interest repayment fund and the
 7 disposition of any money still in the fund.

8 Sec. 13. Minnesota Statutes 1983 Supplement, section
 9 268.07, subdivision 2, is amended to read:

10 Subd. 2. [WEEKLY BENEFIT AMOUNT AND DURATION.] If the
 11 commissioner finds that an individual has earned 15, or more,
 12 credit weeks within the base period of employment in insured
 13 work with one or more employers, benefits shall be payable to
 14 such individual during his benefit year as follows:

15 (1) Weekly benefit amount shall be equal to 60 percent of
 16 the first \$85, 40 percent of the next \$85 and 50 percent of the
 17 remainder of the average weekly wage of such individual. The
 18 amount so computed if not a whole dollar shall be rounded down
 19 to the next lower dollar amount. (1) To establish a valid claim

20 for unemployment insurance benefits, an individual must have:

21 (a) wage credits in two or more calendar quarters of their
 22 base period;

23 (b) minimum total base period wage credits equal to the
 24 high quarter wages multiplied by 1.25 for claims effective prior
 25 to July 1, 1986, by 1.3 for claims effective subsequent to July
 26 1, 1986, and prior to July 1, 1987, by 1.4 for claims effective
 27 subsequent to July 1, 1987, and prior to July 1, 1988, and by
 28 1.5 for claims effective after July 1, 1988; and

29 (c) for claims effective prior to July 1, 1986, high
 30 quarter wage credits of not less than \$1,222, and for claims
 31 effective subsequent to July 1, 1986, high quarter wage credits
 32 equivalent to 13 times 30 percent of the average weekly wage,
 33 rounded to the next lower dollar. The average weekly wage shall
 34 be determined in accordance with paragraph (3).

35 (2) Effective July 1, 1986, an individual who is unable to
 36 establish a valid claim under paragraph (1) may establish a

1 valid claim if the individual has:

2 (a) wage credits in 30 or more weeks, with employment in
3 each week equaling at least 20 hours; and

4 (b) high quarter wage credits of not less than \$871 or more
5 than the amount determined in paragraph (1), clause (c).

6 (3) If the commissioner finds that an individual has
7 sufficient wages within the base period to establish a valid
8 claim, the weekly benefit amount payable to the individual
9 during his benefit year shall equal 1/26 of the individual's
10 high quarter wage credits, rounded to the next lower whole
11 dollar; except that, the maximum weekly benefit amount of claims
12 for benefits which establish a benefit year subsequent to July
13 1, 1979 shall be 66-2/3 percent of the average weekly wage,
14 ~~except as provided in clause (d)~~ as determined under this
15 paragraph. On or before June 30 of each year the commissioner
16 shall determine the average weekly wage paid by employers
17 subject to sections 268.03 to 268.24 in the following manner:

18 (a) The sum of the total monthly employment reported for
19 the previous calendar year shall be divided by 12 to determine
20 the average monthly employment.

21 (b) The sum of the total wages reported for the previous
22 calendar year shall be divided by the average monthly employment
23 to determine the average annual wage.

24 (c) The average annual wage shall be divided by 52 to
25 determine the average weekly wage.

26 The maximum weekly benefit amount as so determined computed
27 to the nearest whole dollar shall apply to claims for benefits
28 which establish a benefit year which begins subsequent to June
29 30 of each year.

30 (4) Notwithstanding the provisions of paragraph (3), the
31 maximum weekly benefit for claims for benefits which establish a
32 benefit year subsequent to June 30, 1982, and prior to July 1,
33 1988, shall be as follows:

34 ~~(d)~~ (a) The maximum weekly benefit amount for claims for
35 benefits which establish a benefit year subsequent to June 30,
36 1982, and prior to July 1, 1983, shall be \$184.

1 (b) The maximum weekly benefit amount for claims for
 2 ---
 3 benefits which establish a benefit year subsequent to June 30,
 4 1983, and prior to July 1, 1984, shall be \$191.

4 (c) The maximum weekly benefit amount for claims for
 5 ---
 6 benefits which establish a benefit year subsequent to June 30,
 7 1984, and prior to July 1, 1985, shall be \$198.

7 (d) The maximum weekly benefit amount for claims for
 8 -----
 9 benefits which establish a benefit year subsequent to June 30,
 10 -----
 11 1985, and prior to July 1, 1986, shall be \$208.

10 (e) The maximum weekly benefit amount for claims for
 11 -----
 12 benefits which establish a benefit year subsequent to June 30,
 13 -----
 14 1986, and prior to July 1, 1987, shall be \$228.

13 (f) The maximum benefit amount for claims for benefits
 14 -----
 15 which establish a benefit year subsequent to June 30, 1987, and
 16 -----
 17 prior to July 1, 1988, shall be \$258.

16 ~~(2)~~ An individual's maximum amount of regular benefits
 17 payable in a benefit year shall not exceed the lesser of (a) 26
 18 times his weekly benefit amount or (b) 70 percent of the number
 19 of credit weeks earned by such an individual computed to the
 20 nearest whole week times his weekly benefit amount.

21 (5) Any otherwise eligible individual shall be entitled
 22 -----
 23 during any benefit year to a total amount of benefits equal to
 24 -----
 25 one-third of his total base period wage credits rounded to the
 26 -----
 27 next lower dollar not to exceed 26 times his weekly benefit
 28 -----
 29 amount.

26 ~~(3)~~ (6) Each eligible individual who is unemployed in any
 27 -----
 28 week shall be paid with respect to such week a benefit in an
 29 amount equal to his weekly benefit amount less that part of his
 30 earnings, ~~including~~ excluding holiday pay, payable to him with
 31 -----
 32 respect to such week which is in excess of \$25 or \$200 for
 33 earnings from service in the national guard or a United States
 34 military reserve unit. Jury duty pay is not considered as
 35 earnings and shall not be deducted from benefits paid. Such
 36 benefit, if not a whole dollar amount shall be rounded down to
 37 the next lower dollar amount.

36 ~~(4)~~ The provisions of clauses (1) and (2) shall apply to

1 claims for benefits which establish a benefit year subsequent to
2 June 30, 1983.

3 Sec. 14. Minnesota Statutes 1982, section 268.07,
4 subdivision 2a, is amended to read:

5 Subd. 2a. [EXCEPTION.] Notwithstanding the provisions of
6 subdivision 2, if the commissioner finds that an individual has
7 earned ~~credit~~ credit weeks wage credits in seasonal employment,
8 benefits shall be payable only if the commissioner finds that
9 the individual has earned ~~15 credit~~ 15 credit weeks wage credits equal to
10 or in excess of 30 times the individual's weekly benefit amount
11 in employment which is not seasonal, in addition to any ~~credit~~
12 weeks wage credits in seasonal employment. For the purposes of
13 this subdivision, "seasonal employment" means employment with a
14 single employer in the recreation or tourist industry which is
15 available with the employer for 15 consecutive weeks or less
16 each calendar year.

17 Sec. 15. Minnesota Statutes 1983 Supplement, section
18 268.07, subdivision 3, is amended to read:

19 Subd. 3. [WHEN WAGE CREDITS ARE NOT AVAILABLE.] (1) No
20 individual may receive benefits in a benefit year unless,
21 subsequent to the beginning of the next preceding benefit year
22 during which benefits were received, the individual performed
23 service in insured work as defined in section 268.04,
24 subdivision 17, and earned remuneration for the service in an
25 amount equal to not less than the minimum wage credits required
26 to qualify for benefits To establish a second benefit year
27 following the expiration of an immediately preceding benefit
28 year, an individual must have sufficient wage credits to
29 establish a claim under the provisions of this section and must
30 have performed services after the establishment of the expired
31 benefit year. The services performed must have been in insured
32 work and the wage credits from the services must equal not less
33 than ten times the weekly benefit amount of the second benefit
34 year.

35 (2) No employer who provided 90 percent or more of the wage
36 credits in a claimant's base period shall be charged for

1 benefits based upon earnings of the claimant during a subsequent
2 base period unless the employer has employed the claimant in any
3 part of the subsequent base period.

4 (3) Wages paid by an employing unit may not be used for
5 benefit purposes by any individual who (a) individually or
6 jointly with a spouse, parent or child owns or controls directly
7 or indirectly 25 percent or more interest in the employing unit;
8 or (b) is the spouse, parent or minor child of any individual
9 who owns or controls directly or indirectly 25 percent or more
10 interest in the employing unit; and (c) is not permanently
11 separated from employment.

12 This clause is effective when the individual has been paid
13 four times the individual's weekly benefit amount in the current
14 benefit year.

15 (4) Wages paid in seasonal employment, as defined in
16 subdivision 2a, are not available for benefit purposes during
17 weeks in which there is no seasonal employment available with
18 the employer.

19 Sec. 16. Minnesota Statutes 1983 Supplement, section
20 268.08, subdivision 1, is amended to read:

21 Subdivision 1. [ELIGIBILITY CONDITIONS.] An individual
22 shall be eligible to receive benefits with respect to any week
23 of unemployment only if the commissioner finds that the
24 individual:

25 (1) has registered for work at and thereafter has continued
26 to report to an employment office, or agent of the office, in
27 accordance with rules the commissioner may adopt; except that
28 the commissioner may by rule waive or alter either or both of
29 the requirements of this clause as to types of cases or
30 situations with respect to which the commissioner finds that
31 compliance with the requirements would be oppressive or would be
32 inconsistent with the purposes of sections 268.03 to 268.24;

33 (2) has made a claim for benefits in accordance with rules
34 as the commissioner may adopt; and

35 (3) was able to work and was available for work, and was
36 actively seeking work. The individual's weekly benefit amount

1 shall be reduced one-fifth for each day the individual is unable
 2 to work or is unavailable for work. Benefits shall not be
 3 denied by application of this clause to an individual who is in
 4 training with the approval of the commissioner or in training
 5 approved pursuant to section 236 of the Trade Act of 1974, as
 6 amended;

7 An individual is deemed unavailable for work with respect
 8 to any week which occurs in a period when the individual is a
 9 full-time student in attendance at, or on vacation from an
 10 established school, college or university unless a majority of
 11 the ~~credit weeks~~ wage credits earned in the base period were for
 12 services performed during weeks in which the student was
 13 attending school as a full-time student. If the individual's
 14 claim for benefits is valid by application of section 268.07,
 15 subdivision 2, paragraph (2), the individual shall be considered
 16 unavailable for work with respect to any week which occurs when
 17 the individual is a full-time student.

18 An individual serving as a juror shall be considered as
 19 available for work and actively seeking work on each day the
 20 individual is on jury duty.

21 (4) has been unemployed for a waiting period of one week
 22 during which the individual is otherwise eligible for benefits
 23 under sections 268.03 to 268.24. However, payment for the
 24 waiting week shall be made to the individual after the
 25 individual has qualified for and been paid benefits for four
 26 weeks of unemployment in a benefit year which period of
 27 unemployment is terminated because of the individual's return to
 28 employment. No individual is required to serve a waiting period
 29 of more than one week within the one year period subsequent to
 30 filing a valid claim and commencing with the week within which
 31 the valid claim was filed.

32 Sec. 17. Minnesota Statutes 1983 Supplement, section
 33 268.09, is amended by adding a subdivision to read:

34 Subd. 2a. An individual whose claim for benefits is valid
 35 by application of section 268.07, subdivision 2, paragraph (2),
 36 and is disqualified for benefits under subdivisions 1 and 2 of

1 this section, other than for gross misconduct, shall be
 2 disqualified for waiting week credit and benefits. The
 3 disqualification shall continue until four weeks have elapsed
 4 following the separation or refusal of suitable work or
 5 reemployment and until the individual has worked for a minimum
 6 of 20 hours in each of four weeks.

7 Sec. 18. Minnesota Statutes 1982, section 268.10,
 8 subdivision 1, is amended to read:

9 Subdivision 1. [FILING.] Claims for benefits shall be made
 10 in accordance with such regulations as the commissioner may
 11 prescribe. Each employer shall post and maintain printed
 12 statements of such regulations in places readily accessible to
 13 individuals in his service and shall make available to each such
 14 individual at the time he becomes unemployed, a printed
 15 statement of such regulations. Such printed statements shall be
 16 supplied by the commissioner to each employer without cost to
 17 him.

18 (1) Any employer upon separation of an employee from his
 19 employment for any reason which may result in disqualification
 20 for benefits under section 268.09, shall furnish to such
 21 employee a separation notice which shall provide the employer's
 22 name, address, and employer account number as registered with
 23 the department, the employee's name and social security account
 24 number, the inclusive dates of his employment, and the reason
 25 for the separation. A copy of such separation notice shall be
 26 filed with the commissioner within seven days of such
 27 separation. The commissioner shall require each individual
 28 filing a claim for benefits to establish a benefit year to
 29 furnish the reason for separation from all employers in his base
 30 period.

31 (2) Upon the filing, by an individual, of a claim for
 32 benefits, the commissioner shall give notice to all such base
 33 period employers of the filing of such claim and request each
 34 such base period employer, within seven days after the mailing
 35 of such notice, to furnish the following information:-

36 (a) The total wage credits earned in the base period;

1 (b) The number of credit weeks which end within the base
2 period;

3 (c) The week ending dates for each calendar week within the
4 base period in which the individual earned less than the amount
5 required to make a credit week and the amount of earnings in
6 each such week;

7 (d) The reason for the separation or separations of such
8 individual from the employ of the employer in the base period;
9 and

10 (e) Such employer's protest, if any, relating to the
11 ineligibility or disqualification of such individual. Upon
12 establishment of a benefit year, the commissioner shall give
13 notice to the last employer for whom the individual worked and
14 all base period employers. The employer so notified shall have
15 seven days after the mailing of the notice to file a protest to
16 charges or raise an issue of ineligibility or disqualification.

17 (3) If any base period employer, after the notice of filing
18 of a claim and the request for wage and separation information
19 has been duly mailed to his last known address, fails to file
20 information as provided by items (a) through (e) of clause 2 of
21 this subdivision within seven days, the commissioner shall:

22 (a) Determine the validity of an individual's claim based
23 on the claimant's statements or any other available
24 information. An employer shall be liable for a late filing fee
25 of not less than \$5 nor more than \$25, as the commissioner may
26 determine, to be paid to the department of economic security and
27 credited to the contingent fund if he has failed without good
28 cause to submit the wage and separation information as required
29 in clause 2 of this subdivision within seven days after the
30 request has been duly mailed to his last known address. If, upon
31 review of the wage information on file with the department it is
32 found that an employer failed to provide wage information for
33 the claimant, the commissioner shall accept a claimant
34 certification as to the wages earned, based upon the claimant's
35 records, and issue a monetary determination of validity based
36 upon the certification. The employer who failed to report the

1 individual's wages or filed an erroneous report shall be
 2 penalized in accordance with section 268.16 or 268.18. In the
 3 absence of fraud, if a redetermination of validity of claim
 4 based on an employer's late or erroneous report subsequently
 5 cancels or reduces the amount of benefits to which a claimant
 6 was entitled under the initial determination, the claimant shall
 7 not be required to make repayment to the fund of any benefits
 8 paid to him prior to such redetermination; and.

9 ~~(b)~~ (4) The commissioner shall determine any issue of
 10 disqualification raised by clause (1) or by an employer's late
 11 report. If an employer fails to file a separation notice within
 12 the time limits prescribed in clause (1), any relief from
 13 benefit charges provided by section 268.09, subdivision 1,
 14 clause (4), shall apply to weeks of unemployment beginning after
 15 the filing of the late report.

16 Sec. 19. Minnesota Statutes 1983 Supplement, section
 17 268.10, subdivision 2, is amended to read:

18 Subd. 2. [EXAMINATION OF CLAIMS; DETERMINATION; APPEAL.]

19 (1) An official, designated by the commissioner, shall promptly
 20 examine each claim for benefits filed to establish a benefit
 21 year pursuant to this section, and, on the basis of the facts
 22 found, shall determine whether or not such claims are valid, and
 23 if valid, the weekly benefit amount payable, the maximum benefit
 24 amount payable during the benefit year, and the date the benefit
 25 year terminates, and this determination shall be known as the
 26 determination of validity. Notice of the determination of
 27 validity or any redetermination as provided for in clause (4)
 28 shall be promptly given the claimant and all other interested
 29 parties. If within the time limits for filing a protest an
 30 employer notifies the department that an individual's weekly
 31 benefit amount as determined under section 268.07 exceeds the
 32 individual's weekly wages earned with the employer, the
 33 individual's weekly benefit amount shall be the lesser of (1)
 34 the weekly benefit amount as determined under section 268.07, or
 35 (2) the weekly benefit amount which is 50 percent of the
 36 quotient derived by dividing the total wage credits earned in

1 the individual's base period credit weeks from all employers in
2 insured work by the number of base period credit weeks. If
3 within the time specified for the filing of wage and separation
4 information a protest as provided in subdivision 1, clause (2),
5 the employer makes an allegation of disqualification or raises
6 an issue of the chargeability to his account of benefits that
7 may be paid on such claim, if the claim is valid, the issue
8 thereby raised shall be promptly determined by said official and
9 a notification of the determination delivered or mailed to the
10 claimant and the employer. If an initial determination or an
11 appeal tribunal decision or the commissioner's decision awards
12 benefits, the benefits shall be paid promptly regardless of the
13 pendency of any appeal period or any appeal or other proceeding
14 which may thereafter be taken. Except as provided in clause
15 (6), if an appeal tribunal decision modifies or reverses an
16 initial determination awarding benefits, or if a commissioner's
17 decision modifies or reverses an appeal decision awarding
18 benefits, any benefits paid under the award of such initial
19 determination or appeal tribunal decision shall be deemed
20 erroneous payments.

21 (2) At any time within 24 months from the date of the
22 filing of a valid claim for benefits by an individual, an
23 official of the department or any interested party or parties
24 raises an issue of claimant's eligibility for benefits for any
25 week or weeks in accordance with the requirements of the
26 provisions of sections 268.03 to 268.24 or any official of the
27 department or any interested party or parties or benefit year
28 employer raises an issue of disqualification in accordance with
29 the regulations of the commissioner, a determination shall be
30 made thereon and a written notice thereof shall be given to the
31 claimant and such other interested party or parties or benefit
32 year employer. A determination issued under this clause which
33 denies benefits for weeks for which the claimant has previously
34 been paid benefits is an overpayment of those benefits subject
35 to section 268.18.

36 (3) A determination issued pursuant to clauses (1) and (2)

1 shall be final unless an appeal therefrom is filed by a claimant
2 or employer within 15 days after the mailing of the notice of
3 the determination to his last known address or personal delivery
4 of the notice. Every notice of determination shall contain a
5 prominent statement indicating in clear language the method of
6 appealing the determination, the time within which such an
7 appeal must be made, and the consequences of not appealing the
8 determination. A timely appeal from a determination of validity
9 in which the issue is whether an employing unit is an employer
10 within the meaning of this chapter or whether services performed
11 for an employer constitute employment within the meaning of this
12 chapter shall be subject to the provisions of section 268.12,
13 subdivision 13.

14 (4) At any time within 24 months from the date of the
15 filing of a valid claim for benefits by an individual, the
16 commissioner on his own motion may reconsider a determination of
17 validity made thereon and make a redetermination thereof if he
18 finds that an error in computation or identity or the crediting
19 of wage credits has occurred in connection therewith or if the
20 determination was made as a result of a nondisclosure or
21 misrepresentation of a material fact. A determination or
22 redetermination issued under this clause which denies benefits
23 for weeks for which the claimant has previously been paid
24 benefits is an overpayment of those benefits subject to section
25 268.18.

26 (5) However, the commissioner may in his discretion refer
27 any disputed claims directly to a referee for hearing and
28 determination in accordance with the procedure outlined in
29 subdivision 3 and the effect and status of such determination in
30 such a case shall be the same as though the matter had been
31 determined upon an appeal to the tribunal from an initial
32 determination.

33 (6) If a referee's decision affirms an initial
34 determination awarding benefits or the commissioner affirms an
35 appeal tribunal decision awarding benefits, the decision, if
36 finally reversed, shall not result in a disqualification and

1 benefits paid shall neither be deemed overpaid nor shall they be
2 considered in determining any individual employer's future
3 contribution rate under section 268.06.

4 Sec. 20. Minnesota Statutes 1983 Supplement, section
5 268.12, subdivision 8, is amended to read:

6 Subd. 8. [RECORDS; REPORTS.] (1) Each employing unit shall
7 keep true and accurate work records for such periods of time and
8 containing such information as the commissioner may prescribe.
9 Such records shall be open to inspection, audit, and
10 verification, and be subject to being copied by any authorized
11 representative of the commissioner at any reasonable time and as
12 often as may be necessary. The commissioner, appeal referee, or
13 any other duly authorized representative of the commissioner,
14 may require from any employing unit any sworn or unsworn
15 reports, with respect to persons employed by it, which the
16 commissioner, appeal referee, or any other duly authorized
17 representative of the commissioner deems necessary for the
18 effective administration of sections 268.03 to 268.24; **provided**
19 **that quarterly contribution and wage report forms shall include**
20 **the employee's name, social security number, and total wages**
21 **paid to the employee.**

22 (2) The commissioner may cause to be made such summaries,
23 compilations, photographs, duplications, or reproductions of any
24 records, reports, or transcripts thereof as he may deem
25 advisable for the effective and economical preservation of the
26 information contained therein, and such summaries, compilations,
27 photographs, duplications or reproductions, duly authenticated,
28 shall be admissible in any proceeding under sections 268.03 to
29 268.24, if the original record or records would have been
30 admissible therein. Notwithstanding any restrictions contained
31 in section 16.02, except restrictions as to quantity, the
32 commissioner is hereby authorized to duplicate, on equipment
33 furnished by the federal government or purchased with funds
34 furnished for that purpose by the federal government, records,
35 reports, summaries, compilations, instructions, determinations,
36 or any other written matter pertaining to the administration of

1 the Minnesota Employment Services Law.

2 (3) Notwithstanding any inconsistent provisions elsewhere,
 3 the commissioner may provide for the destruction or disposition
 4 of any records, reports, transcripts, or reproductions thereof,
 5 or other papers in his custody, which are more than two years
 6 old, the preservation of which is no longer necessary for the
 7 establishment of contribution liability or benefit rights or for
 8 any purpose necessary to the proper administration of sections
 9 268.03 to 268.24, including any required audit thereof,
 10 provided, that the commissioner may provide for the destruction
 11 or disposition of any record, report, or transcript, or other
 12 paper in his custody which has been photographed, duplicated, or
 13 reproduced in the manner provided in clause (2).

14 (4) Notwithstanding the provisions of the Minnesota State
 15 Archives Act the commissioner shall with the approval of the
 16 legislative auditor destroy all benefit checks and benefit check
 17 authorization cards that are more than two years old and no
 18 person shall make any demand, bring any suit or other proceeding
 19 to recover from the state of Minnesota any sum alleged to be due
 20 him on any claim for benefits after the expiration of two years
 21 from the date of filing such claim.

22 Sec. 21. Minnesota Statutes 1982, section 268.121, is
 23 amended to read:

24 268.121 [WAGE REPORTING.]

25 Beginning on April 1, 1984, each employer subject to this
 26 chapter shall provide the commissioner with a quarterly report
 27 of the wages, as defined in section 268.04, subdivision 25, paid
 28 to each employee of that employer covered by this chapter. The
 29 commissioner shall provide the legislature with his
 30 recommendations for statutory changes to fully implement this
 31 section no later than January 1, 1983. The report must include
 32 the employee's name, social security number, and total wages
 33 paid to the employee.

34 Sec. 22. Minnesota Statutes 1982, section 268.15,
 35 subdivision 3, is amended to read:

36 Subd. 3. [CONTINGENT ACCOUNT.] There is hereby created in

1 the state treasury a special account, to be known as the
 2 employment services contingent account, which shall not lapse
 3 nor revert to any other fund. Such account shall consist of all
 4 moneys appropriated therefor by the legislature, all moneys in
 5 the form of interest and penalties collected pursuant to ~~section~~
 6 ~~sections 268.16 and 268.18,~~ and all moneys received in the form
 7 of voluntary contributions to this account and interest thereon.
 8 All moneys in such account shall be supplemental to all federal
 9 moneys that would be available to the commissioner but for the
 10 existence of this account. Moneys in this account are hereby
 11 appropriated to the commissioner and shall be expended in
 12 accordance with the provisions of section 3.30, in connection
 13 with the administration of sections 268.03 to 268.24.
 14 Commencing with the fiscal year beginning July 1, 1984, the
 15 commissioner is authorized to expend annually, in addition to
 16 any federal moneys and without reference to section 3.30, the
 17 sum of \$500,000, from available moneys in this fund which are
 18 derived from interest and penalties collected pursuant to
 19 sections 268.16 and 268.18 and moneys received in the form of
 20 voluntary payments and interest thereon, for the purpose of
 21 providing for: (a) the investigation of fraud on the part of
 22 any person in claiming or obtaining benefits under sections
 23 268.03 to 268.24 or fraud on the part of any employer in
 24 attempting to avoid or reduce any contribution or other payment
 25 required from an employing unit under those sections; (b)
 26 determination of benefit overpayments and contribution
 27 underpayments for reasons other than fraud; and (c) recovery of
 28 moneys due to the department as a result of clauses (a) and (b).
 29 Whenever the commissioner expends moneys from said contingent
 30 account for the proper and efficient administration of the
 31 Minnesota employment services law for which funds have not yet
 32 been made available by the federal government, such moneys so
 33 withdrawn from the contingent account shall be replaced as
 34 hereinafter provided. Upon the deposit in the employment
 35 services administration fund of moneys which are received in
 36 reimbursement of payments made as above provided for said

1 commissioner, shall be subject to a penalty in the sum of \$10
2 payable to the department of economic security for the
3 contingent account. All such penalties shall be in addition to
4 interest and any other penalties provided for by sections 268-03
5 to 268-24 and shall be collected as provided by section 268-161.

6 (2) If any employing unit required by sections 268.03 to
7 268.24 to make and submit contribution reports shall fail to do
8 so within the time prescribed by these sections or by
9 regulations under the authority thereof, or shall make,
10 willfully or otherwise, an incorrect, false or fraudulent
11 contribution report, he shall, on the written demand of the
12 commissioner, make such contribution report, or corrected
13 report, within ten days after the mailing of such written demand
14 and at the same time pay the whole contribution, or additional
15 contribution, due on the basis thereof. If such employer shall
16 fail within that time to make such report, or corrected report,
17 the commissioner shall make for him a report, or corrected
18 report, from his own knowledge and from such information as he
19 can obtain through testimony, or otherwise, and assess a
20 contribution on the basis thereof, which contribution, plus
21 penalties and interest which thereafter accrued (less any
22 payments theretofore made) shall be paid within ten days after
23 the commissioner has mailed to such employer a written notice of
24 the amount thereof and demand for its payment. Any such
25 contribution report or assessment made by the commissioner on
26 account of the failure of the employer to make a report or
27 corrected report shall be prima facie correct and valid, and the
28 employer shall have the burden of establishing its incorrectness
29 or invalidity in any action or proceeding in respect thereto.
30 Whenever such delinquent employer shall file a report or
31 corrected report, the commissioner may, if he finds it
32 substantially correct, substitute it for the commissioner's
33 report.

34 (3) Any employer who fails to file the wage detail report
35 required by section 268.121 shall pay to the department of
36 economic security for the contingent account a penalty of one-

1 tenth of one percent of total wages paid and wages due but not
2 paid during the period for each month the report is delinquent.
3 The penalty shall not be assessed if the wage detail report is
4 properly made and filed within 30 days after a demand for the
5 report is mailed to the employer's address of record. In no
6 case shall the amount of the penalty, if assessed, be more than
7 \$500 or less than \$25. Penalties due under this subdivision may
8 be waived where good cause for late filing is found by the
9 commissioner. Any employer who files the wage detail report
10 required by section 268.121 but knowingly fails to include any
11 of the required information or knowingly enters erroneous
12 information shall be subject to a penalty of \$25 for each
13 individual for whom the information is missing or erroneous.

14 (4) Any employing unit which fails to make and submit to
15 the commissioner any report, other than a contribution report or
16 wage detail report, as and when required by rule, shall be
17 subject to a penalty in the sum of \$25 payable to the department
18 of economic security for the contingent account.

19 (5) Penalties provided for in paragraphs (1), (3), and (4)
20 shall be in addition to interest and any other penalties imposed
21 by sections 268.03 to 268.24 and shall be collected as provided
22 by section 268.161.

23 Sec. 24. [BENEFIT AND WAGE STUDY.]

24 The commissioner shall conduct a study of benefit claims
25 and wage data reported under section 268.121. The study shall
26 include, but not be limited to, determining and examining
27 cyclical patterns of unemployment, reemployment and benefit
28 duration. The commissioner shall report the results of the
29 study to the 1986 regular session of the legislature.

30 Sec. 25. [REPEALER.]

31 Minnesota Statutes 1982, section 268.04, subdivision 30, is
32 repealed. Minnesota Statutes 1983 Supplement, sections 268.04,
33 subdivision 29, and 268.08, subdivision 9, are repealed.

34 Sec. 26. [EFFECTIVE DATES.]

35 Section 8 is effective retroactively to January 1, 1984.
36 Sections 4, 5, 6, 12, 20, 21, 22, 23 and 24 are effective

1 the day following final enactment.

2 Sections 3, 9, and 10 are effective January 1, 1985.

3 Sections 1, 2, 7, 13, 14, 15, 16, 17, 18 and 19 are

4 effective July 1, 1985 for benefit years subsequent to June 30,
5 1985.

6 That part of section 11 which strikes the 1.5 percent and
7 2.5 percent limitations on tax rate changes is effective
8 retroactively to January 1, 1984, with the remainder of section
9 11 being effective January 1, 1985.

10 That part of section 25 which repeals Minnesota Statutes
11 1983 Supplement, section 268.08, subdivision 9 is effective the
12 day after final enactment, with the remainder of section 25
13 being effective July 1, 1985 for benefit years subsequent to
14 June 30, 1985."

15 Delete the title in its entirety and insert:

16 "A bill for an act

17 relating to employment; regulating the
18 payment, amount, and eligibility for benefits; setting
19 employer contribution rates; making administrative
20 changes; providing a penalty; amending Minnesota
21 Statutes 1982, sections 268.04, subdivision 24, and by
22 adding subdivisions; 268.06, subdivisions 6 and 8;
23 268.07, subdivision 2a; 268.10, subdivision 1;
24 268.121; 268.15, subdivision 3; Minnesota Statutes
25 1983 Supplement, sections 268.04, subdivisions 2, 25
26 and 29; 268.06, subdivisions 2 and 3a; 268.061;
27 268.07, subdivisions 2 and 3; 268.08, subdivision 1;
28 268.09, by adding a subdivision; 268.10, subdivision 2;
29 268.12, subdivision 8; and 268.16, subdivision 2;
30 repealing Minnesota Statutes 1982, section 268.04,
31 subdivision 30; Minnesota Statutes 1983 Supplement,
32 sections 268.04, subdivision 29; and 268.08,
33 subdivision 9."

34

35

36 The motion prevailed. So the amendment was adopted.
37 did not prevail. not adopted.

38
39 Drafted by: Brad Ervin
40 Typed by: Mary Catlin
41 Date: April 12, 1984