

HOUSE BILL NO. HB0065

Unemployment insurance-tax operations.

Sponsored by: Joint Labor, Health and Social Services Interim Committee

A BILL

for

1 AN ACT relating to unemployment insurance; reducing the
2 taxable wage base on which employers pay unemployment tax;
3 reducing the adjustment factor threshold; eliminating the
4 existing tax diversion into the unemployment trust fund;
5 increasing amounts flowing into the employment support
6 fund; and providing for effective dates.

7

8 Be It Enacted by the Legislature of the State of Wyoming:

9

10 Section 1. W.S. 27-3-102(a)(xviii)(A) and 27-3-505(b)
11 are amended to read:

12

13 27-3-102. Definitions generally.

14

15 (a) As used in this act:

16

1 (xviii) "Wage" means remuneration payable for
2 services from any source including commissions, bonuses and
3 cash. The reasonable cash value of remuneration other than
4 cash or check shall be prescribed by rule of the
5 commission. To the extent the following are not considered
6 wages under 26 U.S.C. §§ 3301 through 3311, "wage" does not
7 include:

8
9 (A) For purposes of W.S. 27-3-503 through
10 27-3-509, remuneration greater than ~~fifty-five percent~~
11 ~~(55%)~~ forty-five percent (45%) of the statewide average
12 annual wage calculated pursuant to W.S. 27-3-303(a) and
13 rounded to the lowest one hundred dollars (\$100.00), which
14 is paid during any calendar year to an individual by each
15 employer or a predecessor within any calendar year
16 including employment under any other state unemployment
17 compensation law unless the amount is subject to a federal
18 tax against which credit may be taken for contributions
19 paid into any state unemployment fund. For purposes of this
20 subparagraph during calendar year 2003 only, "wage" shall
21 not include any amount in excess of fourteen thousand seven
22 hundred dollars (\$14,700.00) paid to an employee by an
23 employer;

24

1 **27-3-505. Adjustment for noncharged and ineffectively**
2 **charged benefits; adjustment for positive and negative fund**
3 **balance; computations; exception; maximum rate.**

4
5 (b) If the fund balance on October 31 of the year
6 immediately preceding the calendar year for which the
7 contribution rate is being computed is less than ~~four~~
8 ~~percent (4%)~~ three and one-half percent (3½%) of the total
9 payrolls reported to the department by September 30 for
10 that year ending June 30, a positive fund balance
11 adjustment factor shall be computed. The adjustment factor
12 shall be computed annually to the fourth decimal by
13 dividing the total reported taxable payrolls for the year
14 ending June 30 of the year immediately preceding the
15 calendar year for which the contribution rate is being
16 computed, into a sum equal to twenty-five percent (25%) of
17 the difference between the amount in the fund on October 31
18 of the same year and five percent (5%) of the total
19 payrolls for that year ending June 30. The adjustment
20 factor shall be effective until the fund balance on October
21 31 of the year immediately preceding the effective date of
22 the contribution rate equals ~~four percent (4%)~~ three and
23 one-half percent (3½%) or more of the total payrolls for
24 that year ending June 30.

1

2 **Section 2.** W.S. 27-3-201(b) (i), 27-3-202 (b),
3 27-3-503(b), (e) and (f) and 27-3-505(a), (c) and (d) are
4 amended to read:

5

6 **27-3-201. Establishment and composition of**
7 **unemployment compensation fund.**

8

9 (b) The fund shall consist of:

10

11 (i) Contributions collected under this act,
12 excluding ~~any special reserve contribution rate imposed~~
13 ~~under W.S. 27-3-503(g) and~~ revenues for the employment
14 support fund under W.S. 27-3-505(a);

15

16 **27-3-202. Administration of fund.**

17

18 (b) All funds payable to the fund shall be deposited
19 by the department or its authorized representative with the
20 state treasurer in the clearing account. In addition, all
21 funds collected from the ~~special reserve contribution rate~~
22 ~~imposed under W.S. 27-3-503(g) and from the~~ employment
23 support fund under W.S. 27-3-505(a) shall be deposited by
24 the department in the clearing account, for clearance only,

1 and shall not become a part of the fund. ~~After clearance,~~
2 ~~funds collected from the special rate shall be immediately~~
3 ~~deposited within the state unemployment insurance trust~~
4 ~~fund created under W.S. 27-3-209.~~ After clearance, funds
5 collected for the employment support fund under W.S.
6 27-3-505(a) shall be deposited in the employment support
7 fund created by W.S. 27-3-211. Thereafter, refunds payable
8 pursuant to W.S. 27-3-515 may be paid from the clearing
9 account upon warrants issued by the treasurer under
10 regulation of the commission. Remaining funds in the
11 clearing account shall be immediately deposited with the
12 United States secretary of the treasury in Wyoming's
13 account within the unemployment trust fund established
14 pursuant to 42 U.S.C. § 1104(e).

15

16 **27-3-503. Payment; base rate; failure to pay; rate**
17 **variations; benefit ratio; new employer rate; special**
18 **reserve rate.**

19

20 (b) Except as otherwise provided by law, the base
21 rate of contributions assigned to any employer is eight and
22 one-half percent (8.5%) for 1988 and each calendar year
23 thereafter subject to rate variations under subsections (d)
24 and (f) of this section in addition to ~~a special reserve~~

1 ~~contribution rate assigned under subsection (g) of this~~
2 ~~section and~~ the adjustment factors computed under W.S.
3 27-3-505. For calendar year 2003, the base rate assigned to
4 any employer under this subsection or any variation
5 assigned under subsection (d) of this section shall be
6 reduced by twenty-five percent (25%). ~~The base rate~~
7 ~~assigned to any employer under this subsection or any rate~~
8 ~~variation assigned under subsection (d) or (f) of this~~
9 ~~section shall be reduced by twenty percent (20%) for any~~
10 ~~calendar year in which a special reserve contribution rate~~
11 ~~is imposed under subsection (g) of this section.~~ Except as
12 hereafter provided, a contributing employer failing to pay
13 all contributions, interest and penalties or to submit all
14 quarterly contribution reports due on his account or any
15 account assumed under W.S. 27-3-507 on or before September
16 30 preceding the effective date of his assigned rate shall
17 be assigned a delinquent rate which shall include a two
18 percent (2%) tax rate increase in his base rate and shall
19 also include in addition thereto the adjustment factors for
20 the next calendar year beginning January 1. The delinquent
21 rate shall not exceed the maximum assignable rate. The
22 delinquent rate shall continue to be assigned through and
23 including the calendar quarter in which the delinquent
24 employer satisfies his delinquent account by submitting all

1 payments and contribution reports due. Upon satisfaction of
2 the delinquent account, the contributing employer shall be
3 assigned the contribution rate otherwise applicable under
4 this article beginning the next full calendar quarter.
5 Provided however, that a delinquent employer shall pay an
6 assigned delinquent rate for at least the first quarter
7 even if the account is satisfied before January 1 of the
8 new calendar year.

9

10 (e) Benefit ratios shall be computed for those
11 employers whose accounts have been chargeable for benefits
12 throughout the employer's experience period. An employer's
13 benefit ratio shall be the contribution rate provided his
14 rate is not more than eight and one-half percent (8.5%) in
15 addition to the adjustment factors computed under W.S.
16 27-3-505. ~~and the special reserve rate imposed under~~
17 ~~subsection (g).~~ Benefit ratios shall be computed to the
18 fourth decimal on the basis of the experience period
19 preceding the calculation date of the rate.

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21 (f) Any new employer not previously subject to this
22 act or having no established experience period shall pay
23 contributions at a rate equal to the average rate of
24 contributions paid by his major industrial classification

1 for the calendar year preceding the year in which he first
2 employed workers in this state in addition to the
3 adjustment factors computed under W.S. 27-3-505. In no
4 case, however, will any new employer be assigned a rate of
5 less than one percent (1%), plus the adjustment factors
6 computed under W.S. 27-3-505. ~~and the special reserve rate~~
7 ~~imposed under subsection (g).~~ This rate shall be adjusted
8 annually and the rate shall remain in effect until the
9 employer has established an experience period in accordance
10 with this article. The commission shall by rule and
11 regulation develop the major industrial classifications for
12 the state and the department shall annually determine the
13 contribution rate for each classification based upon
14 contributions paid during the preceding calendar year.

15

16 **27-3-505. Adjustment for noncharged and ineffectively**
17 **charged benefits; adjustment for positive and negative fund**
18 **balance; computations; exception; maximum rate.**

19

20 (a) An adjustment factor for noncharged and
21 ineffectively charged benefits shall be computed to the
22 fourth decimal by dividing the total noncharged and
23 ineffectively charged benefits to all employers' experience
24 rating accounts during the experience rating period ending

1 June 30 by the total taxable wages payable during the
2 experience period and added to the rate provided by W.S.
3 27-3-503. The total taxable wages payable under this
4 subsection shall not include wages payable by employers
5 electing payments instead of contributions under W.S.
6 27-3-509. ~~Eighty percent (80%)~~ Sixty percent (60%) of this
7 adjustment factor shall be allocated to the unemployment
8 compensation fund. ~~Twenty percent (20%)~~ Forty percent (40%)
9 of this adjustment factor shall be allocated to the
10 employment support fund created by W.S. 27-3-211.

11

12 (c) If the fund balance on October 31 of the year
13 immediately preceding the calendar year for which the
14 contribution rate is being computed exceeds five percent
15 (5%) of the total payrolls reported to the department by
16 September 30 for that year ending June 30, a negative fund
17 balance adjustment factor shall be computed. The negative
18 adjustment factor shall be computed annually to the fourth
19 decimal by dividing the total reported taxable payrolls
20 for the year ending June 30 of the year immediately
21 preceding the calendar year for which the contribution rate
22 is being computed, into a sum equal to twenty-five percent
23 (25%) of the difference between the amount in the fund as
24 of October 31 of the same year and five percent (5%) of the

1 total payrolls for that year ending June 30. The adjustment
2 factor shall be effective until the fund balance on October
3 31 of the year immediately preceding the effective date of
4 the contribution rate is equal to or less than five percent
5 (5%) ~~and more than four percent (4%)~~ of the total payrolls
6 for that year ending June 30.

7

8 (d) The adjustment factors computed pursuant to this
9 section are separate from an employer's experience rating,
10 shall be algebraically added to the employer's contribution
11 rate and payable by each employer subject to this article.
12 The adjustment factor computed under subsection (c) of this
13 section shall be algebraically added only to the
14 contribution rate of those employers eligible for an
15 experience rating. ~~For purposes of this section, the~~
16 ~~employer's contribution rate includes any special reserve~~
17 ~~rate imposed under W.S. 27-3-503(g).~~

18

19 **Section 3.** W.S. 27-3-503(g) is repealed.

20

21 **Section 4.**

22

23 (a) Except as provided in subsection (b) of this
24 section, this act is effective January 1, 2004.

1

2 (b) Section 1 of this act is effective July 1, 2003.

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(END)