**South Carolina General Assembly**

120th Session, 2013-2014

**S. 619**

**STATUS INFORMATION**

General Bill

Sponsors: Senator Alexander

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Introduced in the Senate on April 16, 2013

Currently residing in the Senate Committee on **Labor, Commerce and Industry**

Summary: Unemployment insurance trust fund debt

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

4/16/2013 Senate Introduced and read first time ([Senate Journal‑page 10](file:///h:\SJ%20Archive\2013\04-16-13.docx))

4/16/2013 Senate Referred to Committee on **Labor, Commerce and Industry** ([Senate Journal‑page 10](file:///h:\SJ%20Archive\2013\04-16-13.docx))

**VERSIONS OF THIS BILL**

[4/16/2013](file:///p:\pprever\2013-14\619_20130416.docx)

**A** **BILL**

TO AMEND SECTION 41-31-45, RELATING TO DEBT STATUS ESTIMATES, TO PROVIDE THAT PAYMENTS TO ELIMINATE THE STATE’S UNEMPLOYMENT INSURANCE TRUST FUND DEBT TO THE FEDERAL GOVERNMENT MUST BE CALCULATED SO THAT THE DEBT IS ELIMINATED NO SOONER THAN JUNE 1, 2018, TO PROVIDE THAT TRUST FUND SOLVENCY MUST BE DETERMINED BY THE COMPTROLLER GENERAL, AND TO PROVIDE THAT EXCESS PAYMENTS TO THE FUND MUST BE CARRIED FORWARD TO THE NEXT SUCCESSIVE FISCAL YEAR AND USED TO CALCULATE THE AMOUNT NEEDED TO PAY BENEFITS FOR THAT YEAR; TO AMEND SECTION 41-31-150 AND SECTION 41-31-360 TO STRIKE REFERENCES TO THE DEPARTMENTAL ADMINISTRATIVE CONTINGENCY ASSESSMENT; TO AMEND ARTICLE 5, CHAPTER 27, TITLE 41 BY ADDING SECTION 41-27-660 TO REQUIRE THE DEPARTMENT OF EMPLOYMENT AND WORKFORCE TO COMPILE AND DISTRIBUTE AN ANNUAL REPORT CONCERNING THE DEPARTMENT’S ACCOUNTS, AND BY ADDING SECTION 41-27-670 TO ESTABLISH THE BUSINESS COMMUNITY ADVISORY COMMITTEE, PROVIDE FOR ITS MEMBERSHIP, AND ESTABLISH ITS DUTIES AND RESPONSIBILITIES; AND TO REPEAL SECTIONS 41-27-410, 41-31-55, 41-31-910, 41-31-920, AND 41-31-930 OF THE 1976 CODE.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 41‑31‑45 of the 1976 Code is amended to read:

“Section 41‑31‑45. (A) For the purposes of this section:

(1) ‘Average high cost multiple’ means the number of years the department could pay unemployment compensation, based upon the statewide reserve ratio, if the department paid the compensation at a rate equivalent to the average benefit cost rate in the three calendar years during the previous twenty calendar years, or the last three recessions, in which the benefit cost rates were the highest.

(2) ‘Benefit cost rate’ means the rate determined by dividing the unemployment compensation benefits paid during a calendar year by the total covered wages in the State during that year. The calculation of the benefit cost rate may not include the wages and unemployment compensation paid by employers covered under Section 3309 of the Internal Revenue Code of 1986.

(3) ‘Income needed to pay benefits’ means the estimate of benefits payable in a given calendar year less the estimate of interest to be earned by the unemployment insurance trust fund for that calendar year.

(4) ‘Statewide reserve ratio’ means the ratio determined by dividing the balance in the trust fund reserve as of June thirtieth by the total covered wages for the previous twelve months in the State as of June thirtieth. The calculation of the statewide reserve ratio may not include the wages and unemployment compensation paid by employers covered under Section 3309 of the Internal Revenue Code of 1986.

(5) ‘Fund adequacy target’ means an average high‑cost multiple of one.

(6) ‘Trust fund reserve’ excludes distributions from the federal government pursuant to 42 U.S.C. 1103, commonly referred to as the Reed Act.

(B) For each calendar year during which the state Unemployment Insurance Trust Fund is in debt status, the department must estimate the amount of income necessary to pay benefits for that year~~, the amount of income necessary to avoid automatic FUTA credit reductions,~~ and an amount of income necessary to repay all outstanding federal loans within ~~five years~~ an amount of time deemed appropriate by the department and the Comptroller General, but not prior to June 1, 2018. Additional estimates of interest costs shall be determined concurrently.

(1) Estimates of the revenue needed to pay benefits will be based on Congressional Budget Office projections for the subsequent calendar year’s total unemployment rate. This total unemployment rate will be adjusted for South Carolina based on the historic relationship between the unemployment rate in South Carolina and the national unemployment rate calculated from 1980 to present.

(2) The historic relationship, calculated from 1980 to present, between the total unemployment rate and the insured unemployment rate in South Carolina will be used to adjust the projected total unemployment rate to the rate of insured unemployment.

(3) Estimates of forecasted benefits will be based upon the prior three year average of the annual number of weeks compensated multiplied by an estimate of the average weekly benefit for the next year.

~~(4)~~ ~~Estimates of amounts to pay to avoid FUTA credit reductions and amount of repayments on the loan will be projected through consultation with officials at the US Department of Labor.~~

(C) After the fund returns to solvency, the department must promulgate regulations concerning the income needed to pay benefits in each year and return the trust fund to an adequate level as defined in subsection (A)(5). Solvency shall be certified by the Comptroller General.

(D) Should the department collect an amount that is greater than the actual amount necessary to pay benefits for a given year, discounting the minimum amount to avoid a FUTA credit reduction and the amount of income necessary to pay all outstanding federal loans by June 1, 2018, the excess of funds shall be put into a separate account. The amount in the separate account shall be subtracted from the department’s calculation of income needed to pay benefits the following year.”

SECTION 2. Section 41‑31‑150 of the 1976 Code is amended to read:

“Section 41‑31‑150. In the payment of any contributions ~~or any departmental administrative contingency assessment~~ a fractional part of a cent must be disregarded unless it amounts to one‑half cent or more, in which case it must be increased by one cent.”

SECTION 3. Section 41‑31‑360 of the 1976 Code is amended to read:

“Section 41‑31‑360. (A) If, not later than four years after the date on which any contributions or interest ~~or employment security administrative contingency assessments~~ became due, an employer who has paid the contributions or interest ~~or employment security administrative contingency assessments~~ shall make application for an adjustment in connection with subsequent contribution ~~or employment security administrative contingency assessment payments~~ or for a refund because the adjustment cannot be made and the department shall determine that the contributions or interest ~~or employment security administrative contingency assessments~~ or any portion was erroneously collected, the department shall make an adjustment, without interest, in connection with subsequent contribution ~~or employment security administrative contingency assessment~~ payments by him or, if the adjustment cannot be made, shall refund the amount from the fund. For like cause and within the same period an adjustment or refund may be made on the department’s own initiative.

(B) A refund or adjustment must be made in any case where the department finds that contributions or interest ~~or employment security administrative contingency assessments were~~ was erroneously paid by an employing unit to this State upon wages earned by individuals in employment in another state. The refund or adjustment must be made upon satisfactory proof to the department that the payment of the contributions or interest ~~or employment security administrative contingency assessments~~ have been made to the other state.”

SECTION 4. Article 5, Chapter 27, Title 41 of the 1976 Code is amended by adding:

“Section 41‑27‑660. In order to promote accountability and transparency, the Department of Employment and Workforce must provide and release to the public, via the agency’s website, an annual report of all aggregate amounts of taxes, fees, and payments that were charged, collected, and paid by that state agency in the prior fiscal year. The report shall include, but not be limited to, SUTA taxes collected per tier, unemployment benefit claims paid, the number of unemployment claims paid in error, loan repayments made to the federal government, and the amount of funds remaining in the agency’s accounts at the end of the previous fiscal year. The report must be posted online and be delivered to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee annually on or about September first of each year.”

SECTION 5. Sections 41‑27‑410, 41‑31‑55, 41‑31‑910, 41‑31‑920, and 41‑31‑930 of the 1976 Code are repealed.

SECTION 6. This act takes effect upon approval by the Governor.

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