

SENATE BILL No. 496

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-2-27.2; IC 22-2-18.2.

Synopsis: Voluntary family leave insurance program. Requires the department of insurance (department) to establish, not later than January 1, 2020, a voluntary family leave insurance program (program) for the purpose of providing benefits to employees who elect to participate in the program. Requires that: (1) the program be voluntary for employees; (2) employees make contributions to the program to fund benefits; (3) employee contributions be made by payroll deduction; (4) the benefit eligibility requirements established for the program include, at a minimum, the requirements that qualify an employee for leave under the federal Family and Medical Leave Act (Act); and (5) an employee have the option to select whether the employee's benefit is equal to 100%, 75%, or 50% of the employee's salary and the number of weeks that a benefit will be paid. Allows the department to contract with an outside vendor to administer the program. Allows an employer to pay some or all of an employee's contribution. Allows an employer exempt from the Act to participate in the program. Requires the department, not later than November 1, 2019, to submit a report to the legislative council and the budget committee concerning the proposed program. Establishes the voluntary family leave insurance program trust fund (trust fund) for the purpose of paying program benefits. Transfers and appropriates the balance in the political subdivision risk management fund to the trust fund. Provides that certain employers are entitled to an adjusted gross income tax deduction equal to the total amount of contributions made by the employer to the fund during the taxable year multiplied by 200%.

Effective: July 1, 2019.

Tallian, Ruckelshaus

January 14, 2019, read first time and referred to Committee on Pensions and Labor.



First Regular Session of the 121st General Assembly (2019)

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

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

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2018 Regular and Special Session of the General Assembly.

SENATE BILL No. 496

A BILL FOR AN ACT to amend the Indiana Code concerning labor and safety and to make an appropriation.

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

- 1 SECTION 1. IC 6-3-2-27.2 IS ADDED TO THE INDIANA CODE
- 2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 3 1, 2019]: **Sec. 27.2. (a) This section applies only to taxable years**
- 4 **beginning after December 31, 2019.**
- 5 **(b) For purposes of this section, "small business" means a**
- 6 **business entity that satisfies the following requirements during the**
- 7 **taxable year:**
- 8 **(1) The business entity employs less than fifty (50) employees**
- 9 **for each working day during each of twenty (20) or more**
- 10 **work weeks in the current or preceding calendar year.**
- 11 **(2) The majority of the employees of the business entity work**
- 12 **in Indiana.**
- 13 **(c) Each taxable year, an employer that:**
- 14 **(1) is a small business;**
- 15 **(2) participates in the voluntary family leave insurance**
- 16 **program established under IC 22-2-18.2-7; and**
- 17 **(3) pays some or all of an employee's contribution to the**



1 voluntary family leave insurance program trust fund under
2 IC 22-2-18.2-9(b)(1);
3 is entitled to a deduction from the employer's adjusted gross
4 income tax for the taxable year.

5 (d) The amount of the deduction is equal to:

6 (1) the total amount of the employer's contributions under
7 subsection (c) made to the fund during the taxable year;
8 multiplied by

9 (2) two hundred percent (200%).

10 SECTION 2. IC 22-2-18.2 IS ADDED TO THE INDIANA CODE
11 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
12 JULY 1, 2019]:

13 **Chapter 18.2. Voluntary Family Leave Insurance Program**

14 Sec. 1. As used in this chapter, "Act" refers to the federal
15 Family and Medical Leave Act of 1993 (29 U.S.C. 2601 et seq.), as
16 amended.

17 Sec. 2. As used in this chapter, "department" refers to the
18 department of insurance created by IC 27-1-1-1.

19 Sec. 3. As used in this chapter, "employee" means a person who
20 works directly for another person under an express or implied
21 contract of hire.

22 Sec. 4. As used in this chapter, "employer" has the meaning set
23 forth in IC 6-3-1-5. The term includes the state and its political
24 subdivisions.

25 Sec. 5. As used in this chapter, "program" refers to the
26 voluntary family leave insurance program established under
27 section 7 of this chapter.

28 Sec. 6. As used in this chapter, "trust fund" refers to the
29 voluntary family leave insurance program trust fund established
30 by section 9 of this chapter.

31 Sec. 7. (a) Not later than January 1, 2020, the department shall
32 adopt provisions to establish a voluntary family leave insurance
33 program for the purpose of providing family leave insurance
34 benefits to employees who elect to participate in the program.

35 (b) In developing the program described in subsection (a), the
36 department may request assistance from and coordinate with the
37 department of labor created by IC 22-1-1-1.

38 (c) The department shall administer the program.

39 (d) The department may adopt rules under IC 4-22-2
40 appropriate or necessary to administer the program.

41 (e) The department may contract with an outside vendor to
42 administer the program.



1 **Sec. 8. The department shall do at least the following in**
 2 **establishing the program under section 7 of this chapter:**

3 **(1) Establish the minimum criteria for voluntary participation**
 4 **in the program by employees.**

5 **(2) Require each employee who elects to participate in the**
 6 **program to contribute at a rate that is sufficient to fund the**
 7 **program, including benefits paid and reasonable expenses**
 8 **incurred. The department shall determine the rates at least**
 9 **annually.**

10 **(3) Provide that an employer may pay some or all of the**
 11 **employee's contribution.**

12 **(4) Require each participating employee to make the**
 13 **employee's required contributions by payroll deduction.**

14 **(5) Establish employee benefit eligibility requirements that**
 15 **include, at a minimum, the requirements that qualify an**
 16 **employee for leave under the Act.**

17 **(6) Allow an employee the option to select both the benefit**
 18 **amount and the number of weeks that the benefit will be paid**
 19 **to the employee under the program. The department may**
 20 **offer benefit levels of one hundred percent (100%),**
 21 **seventy-five percent (75%), and fifty percent (50%) of an**
 22 **employee's salary.**

23 **(7) Allow an employer that is exempt from the Act to**
 24 **participate in the program.**

25 **Sec. 9. (a) The voluntary family leave insurance program trust**
 26 **fund is established for the purpose of paying program benefits**
 27 **under this chapter. Expenditures from the trust fund may be made**
 28 **only to carry out the purposes of this chapter. The department**
 29 **shall administer the trust fund.**

30 **(b) The trust fund consists of:**

31 **(1) money received by the department from employer or**
 32 **employee contributions;**

33 **(2) the balance from the political subdivision risk**
 34 **management fund transferred and appropriated as described**
 35 **in section 10 of this chapter; and**

36 **(3) money received from any other source.**

37 **(c) The expenses of administering the trust fund shall be paid**
 38 **from money in the trust fund.**

39 **(d) The treasurer of state shall invest the money in the trust**
 40 **fund not currently needed to meet the obligations of the trust fund**
 41 **in the same manner as other public money may be invested.**
 42 **Interest that accrues from these investments shall be deposited at**



1 least quarterly into the trust fund.

2 (e) Money in the trust fund at the end of a state fiscal year does
3 not revert to the state general fund.

4 Sec. 10. (a) As used in this section, "risk management fund"
5 refers to the political subdivision risk management fund
6 established by IC 27-1-29-10.

7 (b) Not later than January 1, 2020, the auditor of state shall
8 transfer the balance in the risk management fund to the trust fund
9 established by section 9 of this chapter for the department's use in
10 carrying out the purposes of this chapter.

11 (c) For state fiscal years beginning after June 30, 2019, the
12 balance transferred to the trust fund from the risk management
13 fund under subsection (b) is annually appropriated for the
14 department's use in carrying out the purposes of this chapter.

15 Sec. 11. Not later than November 1, 2019, the department shall
16 submit a report in an electronic format under IC 5-14-6 to the
17 legislative council and to the budget committee (established by
18 IC 4-12-1-3(b)) concerning the department's proposed program,
19 including any legislative changes needed to implement the
20 program.

