

SENATE LABOR COMMITTEE

STATEMENT TO

SENATE, No. 3310

STATE OF NEW JERSEY

DATED: JUNE 3, 2024

The Senate Labor Committee reports favorably Senate Bill No. 3310.

This bill requires that a portion of what would have been the worker contribution to the unemployment compensation trust fund instead be collected and deposited directly into the unemployment compensation administration fund.

Under current law, workers who are either employed by nongovernmental employers, including non-profit employers, or who are employed by governmental employers that elect or are required to pay contributions, contribute 0.3825 percent of their wages to the unemployment compensation trust fund. The bill reduces this worker contribution to the unemployment compensation trust fund to 0.3625 percent of wages and requires that 0.02 percent of wages be collected and deposited directly into the unemployment compensation administration fund.

Under current law, workers who are employed by the State of New Jersey or any governmental entity or instrumentality that elects to make payments in lieu of contributions, contribute 0.0825 percent of their wages to the unemployment compensation trust fund. The bill reduces this worker contribution to the unemployment compensation trust fund to 0.0625 percent of wages and requires that 0.02 percent of wages be collected and deposited directly into the unemployment compensation administration fund.

The bill's redirection of funds, which applies to contributions made after December 31, 2023, is less than the amount that is not committed to separate trust funds of self-insured employers, so the amount that goes to the separate funds, and consequently employer contributions, will not be affected by the bill's provisions.

The unemployment compensation administration fund is funded by contributions from the federal government, but these contributions may not provide sufficient resources to maintain the State system. This redirection of contributions from the unemployment compensation trust fund to unemployment compensation administration fund will increase the resources available for the unemployment compensation administration fund.