

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL**No. 26** Session of
2013

INTRODUCED BY W. KELLER, CARROLL, V. BROWN, STURLA, K. BOYLE,
RAVENSTAHL, FABRIZIO, O'BRIEN, DONATUCCI, KOTIK, SCHLOSSBERG,
WHITE, MUNDY, YOUNGBLOOD, GODSHALL, CLAY, KORTZ, READSHAW,
BROWNLEE, THOMAS, DeLUCA, MCCARTER, MURT, KINSEY, HARKINS,
NEUMAN, B. BOYLE, PARKER, GERGELY, SNYDER, FLYNN, SCAVELLO
AND MIRANDA, JANUARY 22, 2013

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES,
JUNE 4, 2013

AN ACT

1 Amending the act of December 5, 1936 (2nd Sp.Sess., 1937
2 P.L.2897, No.1), entitled "An act establishing a system of
3 unemployment compensation to be administered by the
4 Department of Labor and Industry and its existing and newly
5 created agencies with personnel (with certain exceptions)
6 selected on a civil service basis; requiring employers to
7 keep records and make reports, and certain employers to pay
8 contributions based on payrolls to provide moneys for the
9 payment of compensation to certain unemployed persons;
10 providing procedure and administrative details for the
11 determination, payment and collection of such contributions
12 and the payment of such compensation; providing for
13 cooperation with the Federal Government and its agencies;
14 creating certain special funds in the custody of the State
15 Treasurer; and prescribing penalties," further providing for
16 contributions by employees; establishing the Service and
17 Infrastructure Improvement Fund; and further providing for
18 the Unemployment Compensation Fund.

19 The General Assembly of the Commonwealth of Pennsylvania
20 hereby enacts as follows:

21 Section 1. Section 301.4 of the act of December 5, 1936 (2nd
22 Sp.Sess., 1937 P.L.2897, No.1), known as the Unemployment
23 Compensation Law, amended June 12, 2012 (P.L.577, No.60), is

1 amended to read:

2 Section 301.4. Contributions by Employes.--(a)

3 Notwithstanding any other provision of this act, each employe
4 shall pay contributions at a rate of zero per centum (0.0%) for
5 calendar year 1989 and at a rate as set forth in section 301.7
6 for each calendar year thereafter of all wages paid for
7 "employment" as defined by the act without regard to the
8 limitation specified in section 4(x)(1) of this act.

9 (b) Each employer subject to this act shall be responsible
10 for withholding and shall withhold, in trust, such contributions
11 from the wages of his employes at the time such wages are paid,
12 and shall report and transmit such deductions to the department
13 for deposit into the Unemployment Compensation Fund [and] the
14 Reemployment Fund and the Service and Infrastructure Improvement
15 Fund pursuant to the allocation prescribed in subsection (e), in
16 accordance with rules and procedures established by the
17 department.

18 (c) Any employer who is an individual, or any officer or
19 agent of any employer, who violates the trust provision of this
20 section, fails to withhold, hold in trust or fails to transmit
21 to the department all contributions withheld from the wages of
22 his employes in accordance with the rules and procedure
23 established by the department shall be subject to the provisions
24 of clause (2) of subsection (a) of section 301 and sections 308,
25 308.1, 308.2, 308.3 and 309 of this act.

26 (d) This section shall not be deemed to affect or impair the
27 operation of any State statute or ordinance or resolution of a
28 political subdivision which levies or collects any wage tax or
29 similar tax. Contributions made pursuant to this section are not
30 intended to reduce or otherwise affect any tax on wages or

1 similar tax.

2 (e) Contributions paid under this section shall be allocated
3 by the department [between] among the Unemployment Compensation
4 Fund [and], the Reemployment Fund and the Service and
5 Infrastructure Improvement Fund as follows:

6 (1) [Ninety-five per centum (95%)] Five per centum (5%) of
7 the contributions on wages paid from January 1, 2013, through
8 September 30, 2017, shall be deposited into the [Unemployment
9 Compensation Fund and five per centum (5%) of such contributions
10 shall be deposited into the] Reemployment Fund to the extent the
11 contributions are paid on or before December 31, 2017.

12 (2) [One hundred per centum (100%) of the contributions on
13 wages paid from January 1, 2013, through September 30, 2017,
14 shall be deposited into the Unemployment Compensation Fund to
15 the extent the contributions are paid on or after January 1,
16 2018.] During each calendar year from 2013 through 2016 an
17 amount determined by the secretary with the approval of the
18 Governor shall be deposited into the Service and Infrastructure
19 Improvement Fund. For calendar year 2013, the amount determined
20 under this clause may not exceed forty million dollars
21 (\$40,000,000). For calendar year 2014, the amount determined
22 under this clause may not exceed thirty million dollars
23 (\$30,000,000). For calendar years 2015 and 2016, the amount
24 determined under this clause for each calendar year may not
25 exceed one hundred ninety million dollars (\$190,000,000)
26 adjusted by the increase in the Bureau of Labor Statistics
27 Consumer Price Index for the period from May 2013 through
28 January of the calendar year less the amount of Federal
29 administrative funding for the preceding Federal fiscal year.

30 (3) [One hundred per centum (100%) of the contributions on

1 wages paid on or after October 1, 2017, shall be deposited into
2 the Unemployment Compensation Fund.] The remaining contributions
3 shall be deposited into the Unemployment Compensation Fund.

4 (4) The department may deposit contributions in accordance
5 with clause (2) before depositing contributions in accordance
6 with clauses (1) and (3).

7 Section 2. The act is amended by adding a section to read:

8 Section 301.9. Service and Infrastructure Improvement

9 Fund.--(a) There is established a restricted account in the
10 State Treasury to be known as the Service and Infrastructure
11 Improvement Fund.

12 (b) Moneys in the Service and Infrastructure Improvement
13 Fund shall consist of contributions deposited into the fund
14 pursuant to section 301.4(e)(2).

15 (c) Moneys in the Service and Infrastructure Improvement
16 Fund are appropriated on a continuing basis, upon approval of
17 the Governor, to the department to be prioritized for the
18 following purposes:

19 (1) To improve the quality, efficiency and timeliness of
20 services provided by the service center system to individuals
21 claiming compensation under this act, including claim filing,
22 claim administration, adjudication services and staffing and
23 training of system employes.

24 (2) Expenditures for information management technology,
25 communications technology and other infrastructure components
26 that, in the judgment of the secretary, THE SECRETARY DETERMINES <--
27 are likely to result in significant and lasting improvements to
28 the unemployment compensation system.

29 (3) To pay the costs of collecting the contributions
30 deposited into the Service and Infrastructure Improvement Fund

1 pursuant to section 301.4(e)(2).

2 (d) ~~No~~ CONSISTENT WITH THE MERIT STAFFING REQUIREMENT OF <--
3 SECTION 303(A)(1) OF THE SOCIAL SECURITY ACT (49 STAT. 620, 42
4 U.S.C. § 503(A)(1)), NO moneys in the Service and Infrastructure
5 Improvement Fund may be expended or obligated to a third party
6 to perform unemployment compensation services of the department,
7 except services relating to technology and infrastructure
8 components deemed necessary by the secretary under subsection
9 (c)(2).

10 (e) Any moneys in the Service and Infrastructure Improvement
11 Fund that are not expended or obligated as of December 31, 2018,
12 shall be transferred to the Unemployment Compensation Fund under
13 section 601.

14 (f) Moneys in the Service and Infrastructure Improvement
15 Fund shall not lapse at any time nor be transferred to any other
16 fund except as provided in subsection (e).

17 (g) No later than June 30 of each calendar year from 2014
18 through 2019 the department shall provide a report to the
19 Governor and the General Assembly, THROUGH THE SECRETARY- <--
20 PARLIAMENTARIAN OF THE SENATE AND THE CHIEF CLERK OF THE HOUSE
21 OF REPRESENTATIVES, regarding the Service and Infrastructure
22 Improvement Fund, which report shall include an accounting for
23 the contributions deposited into the fund, the expenditures and
24 transfers from the fund during the prior year and a description
25 of the purposes for which expenditures from the fund were made
26 in the prior year.

27 Section 3. Section 601(a) of the act, amended June 12, 2012
28 (P.L.577, No.60), is amended to read:

29 Section 601. Unemployment Compensation Fund.--(a) There is
30 hereby created a special fund separate and apart from all public

1 moneys or funds of this Commonwealth to be known as the
2 Unemployment Compensation Fund. All contributions paid by
3 employers and employes, together with penalties and interest
4 thereon, received or collected by the department from employers
5 under the provisions of this act, except contributions which are
6 to be paid into the Reemployment Fund and the Service and
7 Infrastructure Improvement Fund as provided in section 301.4(e),
8 such penalties and interest which are to be paid into the
9 Special Administration Fund as provided in section 601.1 and
10 taxes collected under section 301.6 of this act which are to be
11 paid into the Debt Service Fund as provided in section 601.2,
12 shall be paid into the Unemployment Compensation Fund, and shall
13 be credited by the department to a ledger account to be known as
14 the Employers' Contribution Account. Contributions which are to
15 be paid into the Reemployment Fund and the Service and
16 Infrastructure Improvement Fund as provided in section 301.4(e),
17 interest and penalties which are to be credited to the Special
18 Administration Fund and taxes collected under section 301.6 may
19 be temporarily held in the Employers' Contribution Account
20 solely for clearance purposes prior to transfer to the
21 Reemployment Fund, the Service and Infrastructure Improvement
22 Fund, the Special Administration Fund or the Debt Service Fund
23 and while so held in the Employers' Contribution Account shall
24 not be deemed a part of the Unemployment Compensation Fund. All
25 moneys from time to time received and credited to the Employers'
26 Contribution Account (exclusive of refunds made under section
27 311, contributions transferred to the Reemployment Fund and the
28 Service and Infrastructure Improvement Fund pursuant to section
29 301.4(e) and interest and penalties transferred as herein
30 provided to the Special Administration Fund and taxes

1 transferred to the Debt Service Fund) shall be paid promptly by
2 the department into the Unemployment Compensation Fund, except
3 as otherwise provided in section 605 of this act. All moneys
4 credited to this Commonwealth's account in the Unemployment
5 Compensation Fund pursuant to section 903 of the Federal Social
6 Security Act (42 U.S.C. § 1103) shall be included in the
7 Unemployment Compensation Fund.

8 * * *

9 Section 4. This act shall take effect immediately.