

**UNEMPLOYMENT COMPENSATION - SOCIAL**

**SECURITY OFFSET**

2007 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: John W. Hickman**

House Sponsor: Steven R. Mascaro

Cosponsors: Dan R. Eastman Peter C. Knudson

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**LONG TITLE**

**General Description:**

This bill modifies employment security provisions of the Utah Workforce Services Code related to unemployment benefits and eligibility.

**Highlighted Provisions:**

This bill:

- ▶ removes the provision that provides for the 50% Social Security benefits offset to an individual's weekly unemployment benefit amount to be funded from federal Reed Act moneys; and
- ▶ makes certain technical changes.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**35A-4-401**, as last amended by Chapter 74, Laws of Utah 2006

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*Be it enacted by the Legislature of the state of Utah:*



28 Section 1. Section 35A-4-401 is amended to read:

29 **35A-4-401. Benefits -- Weekly benefit amount -- Computation of benefits --**  
30 **Department to prescribe rules -- Notification of benefits -- Bonuses.**

31 (1) (a) Benefits are payable from the fund to ~~any~~ an individual who is or becomes  
32 unemployed and eligible for benefits.

33 (b) All benefits shall be paid through the employment offices or other agencies  
34 designated by the division in accordance with ~~the~~ rules the department may prescribe in  
35 accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act.

36 (2) (a) An individual's "weekly benefit amount" is an amount equal to 1/26th,  
37 disregarding any fraction of \$1, of the individual's total wages for insured work paid during that  
38 quarter of the base period in which the total wages were highest.

39 (b) The weekly benefit amount may not exceed the amount determined as follows:

40 (i) With respect to an individual whose benefit year commences on or after January 1,  
41 2001, 65% of the "insured average fiscal year weekly wage" during the preceding fiscal year,  
42 e.g., fiscal year 2000 for individuals establishing benefit years in 2001, disregarding any  
43 fraction of \$1, constitutes the maximum "weekly benefit amount" payable.

44 (ii) With respect to an individual who files a claim for benefits on or after July 4, 2004,  
45 62.5% of the insured average fiscal year weekly wage during the preceding fiscal year,  
46 disregarding any fraction of \$1, constitutes the maximum weekly benefit amount payable.

47 (c) (i) Except as otherwise provided in Subsection (2)(c)(ii), the "weekly benefit  
48 amount" of an individual who is receiving, or who is eligible to receive, based upon the  
49 individual's previous employment, a pension, which includes a governmental, social security,  
50 or other pension, retirement or disability retirement pay, under a plan maintained or contributed  
51 to by a base-period employer is the "weekly benefit amount" which is computed under this  
52 section less 100% of the retirement benefits, that are attributable to a week, disregarding any  
53 fraction of \$1.

54 (ii) ~~(A)~~ With respect to an individual whose benefit year begins after July 1, 2004,  
55 and ends on or before July 1, 2011, the "weekly benefit amount" of that individual, who is  
56 receiving or who is eligible to receive Social Security benefits based upon the individual's  
57 previous employment, is the "weekly benefit amount" which is computed under this section  
58 less 50% of the individual's Social Security benefits that are attributable to the week, but not

59 below zero.

60 ~~[(B) An employer is not liable for additional benefits paid as a result of this Subsection~~  
61 ~~(2)(c)(ii).]~~

62 ~~[(C) The department shall fund those costs from Reed Act moneys.]~~

63 (d) (i) (A) The weekly benefit amount and the potential benefits payable to an  
64 individual who, subsequent to the commencement of ~~[his] the individual's~~ benefit year,  
65 becomes or is determined to be eligible to receive retirement benefits or increased retirement  
66 benefits, shall be recomputed effective with the first calendar week during ~~[his] the individual's~~  
67 benefit year with respect to which the individual is eligible to receive retirement benefits or  
68 increased retirement benefits.

69 (B) The new weekly benefit amount shall be determined under this Subsection (2).

70 (ii) As recomputed the total benefits potentially payable, commencing with the  
71 effective date of the recomputation, shall be equal to the recomputed weekly benefit amount  
72 times the quotient obtained by dividing the potential benefits unpaid prior to the recomputation  
73 by the initial weekly benefit amount, disregarding fractions.

74 (3) (a) ~~[Each]~~ An eligible individual who is unemployed in any week shall be paid with  
75 respect to that week a benefit in an amount equal to the ~~[claimant's]~~ individual's weekly benefit  
76 amount less that part of the ~~[claimant's]~~ individual's wage payable to the ~~[claimant]~~ individual  
77 with respect to that week that is in excess of 30% of the ~~[claimant's]~~ individual's weekly benefit  
78 amount.

79 (b) The resulting benefit payable shall disregard any fraction of \$1.

80 (c) For the purpose of this Subsection (3) "wages" does not include a grant paid to the  
81 ~~[claimant]~~ individual as public assistance.

82 (4) (a) ~~[Any]~~ An otherwise eligible individual is entitled during a benefit year to a total  
83 amount of benefits determined by multiplying the individual's weekly benefit amount times the  
84 individual's potential duration.

85 (b) To determine an individual's potential duration, the individual's total wages for  
86 insured work paid during the base period is multiplied by 27%, disregarding any fraction of \$1,  
87 and divided by the individual's weekly benefit amount, disregarding any fraction, but not less  
88 than ten nor more than 26.

89 (5) (a) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,

90 the department may by rule prescribe:

91 (i) that the existence of unemployment, eligibility for benefits, and the amount of  
92 benefits payable shall be determined in the case of [~~any~~] an otherwise eligible [~~claimant~~]  
93 individual who, within a week or other period of unemployment, is separated from or secures  
94 work on a regular attachment basis for that portion of the week or other period of  
95 unemployment occurring before or after separation from or securing of work; and

96 (ii) in the case of [~~individuals~~] an individual working on a regular attachment basis,  
97 eligibility for benefits and the amount of benefits payable for periods of unemployment longer  
98 than a week.

99 (b) The rules made shall be reasonably calculated to secure general results substantially  
100 similar to those provided by this chapter with respect to weeks of unemployment.

101 (6) The division shall, in all cases involving actual or potential disqualifying issues and  
102 prior to the payment of benefits to an eligible individual, notify the individual's most recent  
103 employer of the eligibility determination.

104 (7) Upon written request of an [~~employee~~] individual made under rules of the  
105 department in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, all  
106 remuneration for insured work paid to [~~an employee~~] the individual during the [~~employee's~~]  
107 individual's period in the form of a bonus or lump-sum payment shall, for benefit purposes, be  
108 apportioned to the calendar quarters in which the remuneration was earned.

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**Legislative Review Note**  
**as of 11-15-06 4:19 PM**

**Office of Legislative Research and General Counsel**

**Interim Committee Note**  
**as of 12-14-06 8:21 AM**

The Workforce Services and Community and Economic Development Interim Committee recommended this bill.

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**S.B. 11 - Unemployment Compensation - Social Security Offset**

**Fiscal Note**

2007 General Session  
State of Utah

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**State Impact**

This bill increases revenues to replace federal funds no longer available.

	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2009</u> <u>Approp.</u>	<u>FY 2007</u> <u>Revenue</u>	<u>FY 2008</u> <u>Revenue</u>	<u>FY 2009</u> <u>Revenue</u>
Trust Funds	\$0	\$0	\$0	\$0	\$48,100	\$219,700
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$48,100</b>	<b>\$219,700</b>

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**Individual, Business and/or Local Impact**

Local governments will pay an additional \$20,800 in FY 2008 and \$83,200 in FY 2009. About one percent of employers will see tax rate increases that will pay for benefits no longer subsidized by federal Reed Act funds.

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