

Introduced by Senator Gaines

February 23, 2015

An act to amend Section 101 of the Unemployment Insurance Code, relating to unemployment compensation.

LEGISLATIVE COUNSEL'S DIGEST

SB 339, as introduced, Gaines. Unemployment compensation: payroll tax.

Existing federal law, the Federal Unemployment Tax Act, levies a payroll tax on employers and provides a credit against this tax for contributions made to certified state unemployment compensation programs. Existing law requires employers to contribute to the Unemployment Fund for the purpose of funding unemployment benefits for qualified individuals. Existing law provides that the provisions requiring employer contributions to the Unemployment Fund will become inoperative, and the provisions for payment of unemployment benefits will cease, if the federal law establishing the state credit against the federal payroll tax is repealed or otherwise affected in such a way that all or any part of an employer's contributions to the Unemployment Fund are no longer credited against the federal tax.

This bill would make technical, nonsubstantive changes to these provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 101 of the Unemployment Insurance
- 2 Code is amended to read:

1 101. This part is a part of a national plan of unemployment
2 reserves and social security, and is enacted for the purpose of
3 assisting in the stabilization of employment conditions. The
4 imposition of the tax herein imposed upon California industry
5 alone, without a corresponding tax being imposed upon all industry
6 in the United States, would, by the corresponding penalty upon
7 California industry, defeat the ~~very~~ purposes of this law as set forth
8 in this article. Therefore when existing federal legislation which
9 provides for a tax upon the payment of wages by employers in this
10 State, against which all or any part of the employer contributions
11 required under this part may be credited is repealed, amended,
12 interpreted, affected or otherwise changed in such manner that no
13 portion of ~~such~~ *the employer's* contributions may be ~~thus~~ credited,
14 then upon the date of ~~such~~ *that* change, the provisions of this part
15 requiring employer contributions and providing for payment of
16 unemployment compensation benefits shall cease to be operative
17 and any assets in the Unemployment Fund or Unemployment
18 Administration Fund shall in the discretion of the State Treasurer
19 be held in the then existing depositories or otherwise in the State
20 Treasury. In the case of the Unemployment Administration Fund,
21 ~~such~~ *the* money may ~~thereafter~~ be dealt with by the State Treasurer
22 pursuant to the conditions of the grant thereof to the State by the
23 United States Government or agency thereof.