

SS#2 SS SCS SB 2 -- EMPLOYMENT SECURITY

SPONSOR: Russell (Smith, 118)

COMMITTEE ACTION: Voted "do pass" by the Committee on Workforce Development and Workplace Safety by a vote of 9 to 7.

This substitute makes several changes to the law concerning employment security. The substitute:

- (1) Requires the Division of Employment Security to cross-check unemployment compensation recipients against the federal new hire database monthly;
- (2) Increases the taxable wage base to \$8,000 for calendar year 2003 and bases the taxable wage base on the previous year's balance in the Unemployment Compensation Trust Fund. If the balance is \$350 million or less, then the wage base will increase by \$1,000; if the balance is \$500 million or more, then the wage base will decrease by \$500;
- (3) In the event of fund insolvency, freezes the maximum benefit amount for 24 months after the fund regains solvency;
- (4) Exempts unemployment insurance claimants from the seeking work requirement if they are participating in a state-approved drug or alcohol treatment program;
- (5) Makes the one-week waiting period non-compensable at any time;
- (6) Defines misconduct in connection with work as including acts of wanton or willful disregard of the employer's interest, deliberate violation of rules, disregard of standards of behavior, excessive negligence, wrongful intent, or evil design;
- (7) Requires that if an unemployment insurance claimant has been discharged due to misconduct in connection with work the claimant be disqualified from waiting week credit and benefits. Current law allows deputies to consider the seriousness of the misconduct in each case and disqualify claimants for not less than four and not more than 16 weeks;
- (8) Establishes criteria for an "offer of suitable work";
- (9) Removes the exemption for salaries of elected officials, severance pay, and termination pay for purposes of calculating partial unemployment benefits;
- (10) Requires the division to recalculate the contribution rate

of a newly acquired business on the first day of the next calendar quarter after acquisition instead of as of the date of acquisition;

(11) Allows the state to issue bonds to fund unemployment benefits through the newly created Missouri Commission on Employment Security Financing and to charge employers an additional fee to pay the expenses for these bonds; and

(12) Prohibits the disclosure of confidential information related to employment security. Unlawful disclosure is a class D felony.

The substitute contains an emergency clause.

FISCAL NOTE: Estimated Net Cost to General Revenue Fund of Less than \$100,000 in FY 2004, FY 2005, and FY 2006.

PROPOSERS: Supporters say that the bill as it passed the Senate will bring in \$100 million of new employer contributions and \$50 million in savings from changes in policy. The bill will increase the taxable wage base by \$1,000 increments and decrease it by \$500 increments and should return the fund to solvency in two or three years. It will also allow the state to issue bonds instead of borrowing from the federal government to cover unemployment benefits when the fund is insolvent.

Testifying for the bill were Senators Russell and Loudon; Missouri Chamber of Commerce; Associated Industries of Missouri; National Federation of Independent Business; Associated General Contractors of Missouri; Associated Builders and Contractors; Missouri Retailers Association; and Missouri Grocers' Association.

OPPOSERS: Those who oppose the bill say that it asks employers for money when they are least able to pay; is a short-term solution; would exchange long-term debt for short-term debt; and would still leave the balance at or below zero by 2007. They suggest that the taxable wage base be indexed to the average weekly wage.

Testifying against the bill were St. Louis Area Contractors; Missouri Laborers; Missouri AFL-CIO; United Steelworkers of America, District 11; and Carpenters' District Councils of Kansas City and St. Louis.

Mark Pioli, Legislative Analyst