Overview

This bill makes technical and some substantive changes to the statutes related to reemployment insurance benefits and procedures. Many changes involve clarification or updating of language, such as the replacement of the term "reemployment insurance account" with "benefit account," and the general simplification of the way the statutes read.

Among the substantive changes, the bill modifies some of the exceptions to the general rule that benefits paid to an employee are charged against the experience rating of the employer (the experience rating is a figured used in determining the employer's tax rate) and modifies the provisions for charging certain new employers higher rates than others.

In dealing with claimants, the bill makes several additional changes. Among other provisions, the bill changes the minimum earnings required to qualify for benefits, clarifies that sick pay and holiday pay are deductible from weekly benefits, and provides an alternate trigger for extended benefits.

The bill also codifies several provisions that are currently part of agency rules.

1  **Statement of intent.** Provides that any money received under the federal Reed Act for federal fiscal years ending in 1999, 2000, and 2001 will be spent only for systems development for the reemployment insurance system. States are required to agree to this use of Reed Act money in order to be eligible to receive it.

2  **Back pay.** Removes certain language limiting the definition of back pay, and provides that any payments made to an employee for lost wages pursuant to an arbitration award, administrative or judicial decision, or negotiated settlement are back pay. Removes language specifying how back pay is to be applied against benefits over time.

3  **Base period.** Provides that a base period is never more than four calendar quarters; clarifies language. This section is effective for applications filed on or after July 1, 2000.
All these sections update and clarify language (such as substituting the phrase "benefit account" for "reemployment insurance account" and simplifying the wording in the definition of the base period) but do not make substantive changes to the law. Section 3 is effective.

11 Noncovered employment. Provides that noncovered employment includes military service for the United States government. Eliminates exemption for work performed for nonprofit organizations who do not have employees on any regular basis or who pay an employee less than $50.

12 Reemployment assistance training. Provides that a claimant is in reemployment assistance training when employment opportunities are not available for the claimant, the claimant needs training in order to have employment opportunities, and the claimant is making satisfactory progress in a training program that meets certain requirements. This definition is similar to an existing definition in agency rules.

13 Taxable wages. Provides that taxable wages includes the amount of wages paid by an employer's predecessor only when there has been a transfer of an experience rating from an employer to the employer's successor. Allows the taxable wage base to be rounded to the nearest $1,000 instead of the nearest $100. This section is effective January 1, 2000.

14 Wages paid. Updates language, and clarifies that back pay is considered wages paid as of the date of payment, a provision already part of the statutory definition of wages.

15 Weekly benefit amount. Clarifies and updates language.

16 Election agreements; termination. Eliminates language that is repeated elsewhere in the same section.

17 Employer tax or reimbursable accounts. Updates language, including the introduction of the different terms "tax account" for employers who pay taxes and "reimbursable account" for employers who reimburse the system directly.

18 General rule. Updates language.

19 Exceptions to charges for all employers. Current law provides that employers are not charged for benefits paid to employees laid off as a result of any presidentially declared natural disaster, or as a result of the condemnation of the property or a non-declared disaster if 70 percent or more of the employees employed at the affected location became unemployed. This section would eliminate the special treatment of presidentially declared disasters, providing instead that in any disaster or condemnation resulting in a loss of employment for at least 25 percent of the employees at the location would result in a noncharge. Also updates some language and eliminates a clause that the agency reports is rarely used.

20 Exceptions to charges for taxpaying employers. Eliminates a current provision granting an exception to charges when an employee has refused an offer of reemployment. This provision will apply only where the employee has cause for refusing the offer, because if the employee does not have cause for refusing it, the employee will be disqualified from benefits entirely and no charge will result.

21 Federal reimbursement benefits not charged. Updates language.

22 Benefits not charged in welfare-to-work. Reenacts provision, scheduled to sunset in 1999, granting an exception from charges to certain employers hiring employees in welfare-to-work situations where the employee is later terminated. Section 69 provides a new sunset date of July 1, 2002, for this section.

These sections clarify and simplify language.

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27 Tax rate for new employers. Current law provides a higher experience rating for new
construction employers than for other new employers. This section substitutes "high experience rating industry" for "construction industry." It defines high experience rating industries to include residential, commercial, or industrial construction, sand, gravel, or limestone mining, manufacturing of concrete or asphalt, or road work. Also clarifies and updates language. This section is effective January 1, 2001.

28 **Solvency assessment.** Clarifies language.

29 **Payment to fund by state and political subdivisions.** Clarifies and updates language. Clarifies that a state or political subdivision electing to pay taxes receives the new employer tax rate for the first calendar year and then can receive an experience rating when it qualifies as any other employer would.

30 **Payment to fund by nonprofit organizations.** Clarifies and updates language. Clarifies that a nonprofit organization terminating an election to be a reimbursing employer receives the new employer tax rate for the first calendar year and then can receive an experience rating when it qualifies as any other employer would.

31 **Costs.** Increases the fee for a dishonored check sent in for payment of reemployment insurance taxes from $20 to $25.

32 **Priorities under legal dissolutions or distributions.** Increases from $250 to $1000 the priority an employee has for unpaid wages before the department can seize the employer's assets.

33 **Lien, levy, setoff, and civil action.** Gives the department the right to sell or assign its right of redemption in real property, which is basically its "place in line" in the event of a foreclosure sale. Also clarifies, simplifies, and updates language.

34 **Revocations of business licenses.** Updates and clarifies language. Limits the scope of an appeal of an action by the commissioner to prevent the issuance of a business license to a person who has a debt related to reemployment insurance.

- These sections clarify and update language.

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38 **Election of remedy.** Provides that use of any remedy for the collection of debts by the commissioner does not constitute an election of remedy to the exclusion of other available remedies. This section replaces language to the same effect that was scattered throughout the remedy sections.

39 **Notice to workers.** Clarifies language.

40 **Payment of benefits.** Clarifies language. Clarifies that benefits are paid from state funds and are not paid from an insurance plan or by the employer, and that therefore, an application for benefits is a request for benefits from the fund rather than a claim against an employer. Further clarifies that there is no common law denial or allowance of benefits.

41 **Benefit account.** Current law provides that to be eligible for benefits, a claimant has to earn at least $1000 during at least one calendar quarter and has to earn at least one-fourth as much during the rest of the year as he earns in the quarter in which he made the most. This section leaves the $1000 requirement in place, but replaces the distribution requirement with a requirement that the employee simply must earn at least $250 during the rest of the year. This change is effective July 1, 2000. Also updates and clarifies other language. Provides that claimants are required to provide all requested information on an application as the commissioner specifies.

42 **Eligibility requirements.**

Subd. 1. **Eligibility conditions.** Updates and clarifies language.

Subd. 2. **Not eligible.** Updates and clarifies language.
Subd. 3. **Deductible payments.** Updates and clarifies language. Provides that holiday and sick pay are deductible from weekly benefits. Provides that lump sum pension payments received by a claimant from an employer are to be treated as payments made each week in amounts equal to the employee's last level of regular pay. Provides that a lump sum payment is treated as not received if the employee immediately places it in a pension plan.

Subd. 4. **Social security benefits.** Updates and clarifies language.

Subd. 5. **Deductible earnings.** Updates and clarifies language.

Subd. 6. **Receipt of back pay.** Updates and clarifies language. Provides that back pay awarded in court or arbitration, if it is not otherwise specified, is applied to the period immediately after the employment ended.

Subd. 7. **School employees.** Updates and clarifies language. This subdivision is effective the day following final enactment.

Subd. 8. **Services for school contractors.** Removes existing provision stating that school contract employees are denied benefits between terms only if they have been notified of that fact in advance of starting work.

Subd. 9. **Business owners.** No changes.

Subd. 10. **Recreational or tourist industry employment.** Replaces the term "seasonal employment" with "recreational or tourist industry employment."

Subd. 11. **Athletes and coaches.** Provides that coaches are treated like athletes for the purposes of receiving benefits between seasons.

Subd. 12. **Aliens.** Updates and clarifies language.

Subd. 13. **Suspension from employment.** Updates and clarifies language.

Subd. 14. **Able to work defined.** Defines term as in existing rules.

Subd. 15. **Available for employment defined.** Defines term as in existing rules.

Subd. 16. **Actively seeking suitable employment defined.** Defines term as in existing rules.

**Continued request for benefits on an active benefit account.** Codifies existing rule explaining when a benefit account is considered "active" or "inactive," defining a continued request for benefits, providing for methods of filing benefits, and explaining when a claimant's failure to file as requested is excused for "good cause."

**Disqualification provisions.**

Subd. 1. **Quit.** Provides that a claimant is not entirely disqualified for quitting if the claimant quit because the employer notified the employee of an impending layoff within 30 days. The claimant would still be disqualified between the quit and the scheduled layoff. Updates and clarifies language.

Subd. 2. **Quit defined.** Provides that an employee quits employment if the employee voluntarily leaves after being notified of discharge in the future if employment in any capacity is still available.

Subd. 3. **Good reason caused by the employer defined.** Provides for the conditions under which a quit is considered the result of a "good reason caused by the employer." These include substantial adverse changes in working conditions if the employee has given the employer the opportunity to correct them, but does not include notification of discharge in the future.

Subd. 4. **Discharge.** Removes existing provision stating that an employee is not disqualified if the employee is fired for employment misconduct from a part-time job.

Subd. 4a. **Aggravated employment misconduct defined.** Changes the term "gross misconduct" to "aggravated employment misconduct." Updates and clarifies other language.
Subd. 5. Discharge defined. Updates and clarifies language. Provides that an employee who gives notice of intention to quit and is not allowed to work for the entire notice period is considered discharged, but if the discharge is within thirty days of the intended quit date, the employee is disqualified as of the intended quit date.

Subd. 6. Employment misconduct defined. Updates and clarifies language, including the treatment of misconduct related to driving offenses and conduct caused by chemical dependency.

Subd. 7. Act or omissions after separation. Clarifies language.


Subd. 9. Suitable employment. Codifies definition similar to existing rules.

Subd. 10. Disqualification duration. Simplifies and clarifies language.

Subd. 11. Application. Clarifies language.


Determinations on disqualification and eligibility. Clarifies the process for identifying and determining possible disqualification issues. Updates and clarifies language. Provides that employers may provide certain information to the commissioner, and that information is absolutely privileged.

Protests by telephone and electronic transmission. This new subdivision clarifies that existing language relating to appeals applies to protests before an appeal.

Appeals. Clarifies burden of proof and other procedural matters related to appeals. Clarifies and updates language, particularly relating to electronic filing. Provides for the scope of judicial review on an appeal to the court of appeals.

Extended benefits. Provides for an alternate trigger for extended benefits based on the total rate of unemployment, in addition to the existing trigger based on the rate of insured unemployment.

Additional benefits; when available. Clarifies and simplifies language, eliminating some requirements for the availability of additional benefits.

These sections clarify language.

Child support deducted from benefits. Provides a penalty for claimants who fail to disclose child support obligations. Clarifies language.

Benefit overpayments. Current law provides that only 50 percent of a benefit payment can be offset for recovery of previous overpayments. This section provides an exception to the 50 percent limitation if the overpayment resulted from a claimant's failure to report deductible earnings or deductible payments. Also provides that the commissioner has discretion to determine methods of collection, and is not required to submit overpayment amounts to private or public collection agencies. This continues a law passed in 1998.

False representations; concealment of facts; penalty. Removes language prohibiting the use of administrative penalties when criminal prosecution is also being used.

These sections clarify and update language.

Application. Eliminates requirement that the commissioner use rules to establish certain forms.

Revisor's instructions.

Repealer. Repeals sections and rules made obsolete by the changes provided in the rest of the bill.

Effective dates. Provides for special effective dates for certain provisions, as specified in those sections of this summary (sections 3, 13, 27, 41, and 42).
Sunset. Provides that section 22 sunsets on July 1, 2002.