## SECOND REGULAR SESSION

## SENATE BILL NO. 845

## 102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR BERNSKOETTER.

4330S.01I KRISTINA MARTIN, Secretary

## **AN ACT**

To repeal section 288.036 as enacted by house bill no. 150, ninety-eighth general assembly, first regular session, section 288.036 as enacted by house bill no. 1456, ninety-third general assembly, second regular session, section 288.060 as enacted by house bill no. 150, ninety-eighth general assembly, first regular session, and section 288.060 as enacted by house bill no. 163, ninety-sixth general assembly, first regular session, and to enact in lieu thereof two new sections relating to unemployment benefits.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 288.036 as enacted by house bill no. 2 150, ninety-eighth general assembly, first regular session, section 288.036 as enacted by house bill no. 1456, ninety-third 3 general assembly, second regular session, section 288.060 as 4 enacted by house bill no. 150, ninety-eighth general assembly, 5 first regular session, and section 288.060 as enacted by house 6 bill no. 163, ninety-sixth general assembly, first regular 7 8 session, are repealed and two new sections enacted in lieu 9 thereof, to be known as sections 288.036 and 288.060, to read 10 as follows:

	[288.036. 1. "Wages" means all
2	remuneration, payable or paid, for personal
3	services including commissions and bonuses and,
4	except as provided in subdivision (7) of this
5	section, the cash value of all remuneration paid
6	in any medium other than cash. Gratuities,
7	including tips received from persons other than
8	the employing unit, shall be considered wages
9	only if required to be reported as wages
10	pursuant to the Federal Unemployment Tax Act, 26
11	U.S.C. Section 3306, and shall be, for the
12	purposes of this chapter, treated as having been

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

paid by the employing unit. Severance pay shall be considered as wages to the extent required pursuant to the Federal Unemployment Tax Act, 26 U.S.C. Section 3306(b). Vacation pay, termination pay, severance pay and holiday pay shall be considered as wages for the week with respect to which it is payable. The total amount of wages derived from severance pay, if paid to an insured in a lump sum, shall be prorated on a weekly basis at the rate of pay received by the insured at the time of termination for the purposes of determining unemployment benefits eligibility. The term "wages" shall not include:

- (1) The amount of any payment made (including any amount paid by an employing unit for insurance or annuities, or into a fund, to provide for any such payment) to, or on behalf of, an individual under a plan or system established by an employing unit which makes provision generally for individuals performing services for it or for a class or classes of such individuals, on account of:
- (a) Sickness or accident disability, but in case of payments made to an employee or any of the employee's dependents this paragraph shall exclude from the term wages only payments which are received pursuant to a workers' compensation law; or
- (b) Medical and hospitalization expenses in connection with sickness or accident disability; or
  - (c) Death;
- (2) The amount of any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employing unit to, or on behalf of, an individual performing services for it after the expiration of six calendar months following the last calendar month in which the individual performed services for such employing unit;
- (3) The amount of any payment made by an employing unit to, or on behalf of, an individual performing services for it or his or her beneficiary:
- (a) From or to a trust described in 26 U.S.C. Section 401(a) which is exempt from tax pursuant to 26 U.S.C. Section 501(a) at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such an employee and not as a beneficiary of the trust; or
- (b) Under or to an annuity plan which, at the time of such payments, meets the requirements of Section 404(a)(2) of the Federal Internal Revenue Code (26 U.S.C.A. Section 404);

(4) The amount of any payment made by an employing unit (without deduction from the remuneration of the individual in employment) of the tax imposed pursuant to Section 3101 of the Federal Internal Revenue Code (26 U.S.C.A. Section 3101) upon an individual with respect to remuneration paid to an employee for domestic service in a private home or for agricultural labor;

- (5) Remuneration paid in any medium other than cash to an individual for services not in the course of the employing unit's trade or business;
- (6) Remuneration paid in the form of meals provided to an individual in the service of an employing unit where such remuneration is furnished on the employer's premises and at the employer's convenience, except that remuneration in the form of meals that is considered wages and required to be reported as wages pursuant to the Federal Unemployment Tax Act, 26 U.S.C. Section 3306 shall be reported as wages as required thereunder;
- (7) For the purpose of determining wages paid for agricultural labor as defined in paragraph (b) of subdivision (1) of subsection 12 of section 288.034 and for domestic service as defined in subsection 13 of section 288.034, only cash wages paid shall be considered;
- (8) Beginning on October 1, 1996, any payment to, or on behalf of, an employee or the employee's beneficiary under a cafeteria plan, if such payment would not be treated as wages pursuant to the Federal Unemployment Tax Act.
- The increases or decreases to the state taxable wage base for the remainder of calendar year 2004 shall be eight thousand dollars, and the state taxable wage base in calendar year 2005, and each calendar year thereafter, shall be determined by the provisions within this subsection. On January 1, 2005, the state taxable wage base for calendar year 2005, 2006, and 2007 shall be eleven thousand dollars. taxable wage base for calendar year 2008 shall be twelve thousand dollars. The state taxable wage base for each calendar year thereafter shall be determined by the average balance of the unemployment compensation trust fund of the four preceding calendar quarters (September thirtieth, June thirtieth, March thirty-first, and December thirty-first of the preceding calendar year), less any outstanding federal Title XII advances received pursuant to section 288.330, less the principal, interest, and administrative expenses related to any credit instrument issued under section 288.030, and less the principal, interest, and administrative

127 expenses related to any financial agreements 128 under subdivision (17) of subsection 2 of section 288.330. When the average balance of 129 the unemployment compensation trust fund of the 130 131 four preceding quarters (September thirtieth, 132 June thirtieth, March thirty-first, and December 133 thirty-first of the preceding calendar year), as 134 so determined is: 135 Less than, or equal to, three hundred (1)136 fifty million dollars, then the wage base shall 137 increase by one thousand dollars; or 138 Six hundred fifty million or more, 139 then the state taxable wage base for the 140 subsequent calendar year shall be decreased by 141 five hundred dollars. In no event, however, shall the state taxable wage base increase 142 143 beyond twelve thousand five hundred dollars, or 144 decrease to less than seven thousand dollars. 145 For calendar year 2009, the tax wage base shall 146 be twelve thousand five hundred dollars. 147 calendar year 2010 and each calendar year 148 thereafter, in no event shall the state taxable 149 wage base increase beyond thirteen thousand 150 dollars, or decrease to less than seven thousand dollars. 151 152 For any calendar year, the state taxable wage 153 base shall not be reduced to less than that part 154 of the remuneration which is subject to a tax 155 under a federal law imposing a tax against which credit may be taken for contributions required 156 157 to be paid into a state unemployment 158 Nothing in this compensation trust fund. 159 section shall be construed to prevent the wage 160 base from increasing or decreasing by increments 161 of five hundred dollars.] 288.036. 1.

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"Wages" means all remuneration, payable 2 or paid, for personal services including commissions and 3 bonuses and, except as provided in subdivision (7) of this 4 [section] subsection, the cash value of all remuneration 5 paid in any medium other than cash. Gratuities, including 6 tips received from persons other than the employing unit, 7 shall be considered wages only if required to be reported as 8 wages pursuant to the Federal Unemployment Tax Act, 26 U.S.C. Section [3306] 3301, et seq., as amended, and shall 9 10 be, for the purposes of this chapter, treated as having been paid by the employing unit. [Severance pay shall be 11

considered as wages to the extent required pursuant to the

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13 Federal Unemployment Tax Act, 26 U.S.C. Section 3306(b).] 14 Vacation pay, termination pay, severance pay, and holiday 15 pay shall be considered as wages for the week with respect to which it is payable. The total amount of wages derived 16 from severance pay, termination pay, vacation pay, or 17 18 holiday pay, if paid to an insured in a lump sum, shall be prorated on a weekly basis at the rate of pay received by 19 20 the insured at the time of termination for the purposes of

"wages" shall not include:

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23 (1) The amount of any payment made (including any
24 amount paid by an employing unit for insurance or annuities,
25 or into a fund, to provide for any such payment) to, or on
26 behalf of, an individual under a plan or system established
27 by an employing unit which makes provision generally for
28 individuals performing services for it or for a class or
29 classes of such individuals, on account of:

determining unemployment benefits eligibility. The term

- 30 (a) Sickness or accident disability, but in case of
  31 payments made to an employee or any of the employee's
  32 dependents this paragraph shall exclude from the term wages
  33 only payments which are received pursuant to a workers'
  34 compensation law; or
- 35 (b) Medical and hospitalization expenses in connection36 with sickness or accident disability; or
  - (c) Death;
- 38 (2) The amount of any payment on account of sickness 39 or accident disability, or medical or hospitalization 40 expenses in connection with sickness or accident disability, 41 made by an employing unit to, or on behalf of, an individual 42 performing services for it after the expiration of six 43 calendar months following the last calendar month in which 44 the individual performed services for such employing unit;

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- 45 (3) The amount of any payment made by an employing 46 unit to, or on behalf of, an individual performing services 47 for it or his or her beneficiary:
- 48 (a) From or to a trust described in 26 U.S.C. Section
- 49 401(a) which is exempt from tax pursuant to 26 U.S.C.
- 50 Section 501(a) at the time of such payment unless such
- 51 payment is made to an employee of the trust as remuneration
- 52 for services rendered as such an employee and not as a
- 53 beneficiary of the trust; or
- 54 (b) Under or to an annuity plan which, at the time of
- such payments, meets the requirements of Section 404(a)(2)
- of the Federal Internal Revenue Code (26 U.S.C.A. Section
- 57 404);
- 58 (4) The amount of any payment made by an employing
- 59 unit (without deduction from the remuneration of the
- 60 individual in employment) of the tax imposed pursuant to
- 61 Section 3101 of the Federal Internal Revenue Code (26
- 62 U.S.C.A. Section 3101) upon an individual with respect to
- 63 remuneration paid to an employee for domestic service in a
- 64 private home or for agricultural labor;
- (5) Remuneration paid in any medium other than cash to
- 66 an individual for services not in the course of the
- 67 employing unit's trade or business;
- 68 (6) Remuneration paid in the form of meals provided to
- 69 an individual in the service of an employing unit where such
- 70 remuneration is furnished on the employer's premises and at
- 71 the employer's convenience, except that remuneration in the
- 72 form of meals that is considered wages and required to be
- 73 reported as wages pursuant to the Federal Unemployment Tax
- 74 Act, 26 U.S.C. Section 3306 shall be reported as wages as
- 75 required thereunder;

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76 (7) For the purpose of determining wages paid for 77 agricultural labor as defined in paragraph (b) of 78 subdivision (1) of subsection 12 of section 288.034 and for 79 domestic service as defined in subsection 13 of section 80 288.034, only cash wages paid shall be considered;

- (8) Beginning on October 1, 1996, any payment to, or on behalf of, an employee or the employee's beneficiary under a cafeteria plan, if such payment would not be treated as wages pursuant to the Federal Unemployment Tax Act.
- 85 2. The increases or decreases to the state taxable wage base for the remainder of calendar year 2004 shall be 86 eight thousand dollars, and the state taxable wage base in 87 88 calendar year 2005, and each calendar year thereafter, shall be determined by the provisions within this subsection. On 89 January 1, 2005, the state taxable wage base for calendar 90 91 year 2005, 2006, and 2007 shall be eleven thousand dollars. 92 The taxable wage base for calendar year 2008 shall be twelve thousand dollars. The state taxable wage base for each 93 94 calendar year thereafter shall be determined by the average balance of the unemployment compensation trust fund of the 95 four preceding calendar quarters (September thirtieth, June 96 97 thirtieth, March thirty-first, and December thirty-first of the preceding calendar year), less any outstanding federal 98 99 Title XII advances received pursuant to section 288.330, 100 less the principal, interest, and administrative expenses 101 related to any credit instrument issued under section 102 [288.030] **288.330**, and less the principal, interest, and administrative expenses related to any financial agreements 103 under subdivision (17) of subsection 2 of section 288.330. 104 105 When the average balance of the unemployment compensation 106 trust fund of the four preceding quarters (September thirtieth, June thirtieth, March thirty-first, and December 107

thirty-first of the preceding calendar year), as so
determined is:

- 110 (1) Less than, or equal to, three hundred fifty
  111 million dollars, then the wage base shall increase by one
  112 thousand dollars; or
- Six hundred fifty million or more, then the state 113 taxable wage base for the subsequent calendar year shall be 114 decreased by five hundred dollars. In no event, however, 115 shall the state taxable wage base increase beyond twelve 116 117 thousand five hundred dollars, or decrease to less than seven thousand dollars. For calendar year 2009, the tax 118 wage base shall be twelve thousand five hundred dollars. 119 120 For calendar year 2010 and each calendar year thereafter, in no event shall the state taxable wage base increase beyond 121 thirteen thousand dollars, or decrease to less than seven 122 thousand dollars. 123
- 124 For any calendar year, the state taxable wage base shall not be reduced to less than that part of the remuneration which 125 is subject to a tax under a federal law imposing a tax 126 127 against which credit may be taken for contributions required to be paid into a state unemployment compensation trust 128 fund. Nothing in this section shall be construed to prevent 129 the wage base from increasing or decreasing by increments of 130 131 five hundred dollars.

[288.060. 1. All benefits shall be paid through employment offices in accordance with 2 such regulations as the division may prescribe. 3 2. Each eligible insured worker who is 4 totally unemployed in any week shall be paid for 5 such week a sum equal to his or her weekly 6 7 benefit amount. 8 Each eligible insured worker who is partially unemployed in any week shall be paid 9 for such week a partial benefit. Such partial benefit shall be an amount equal to the 10 11 12 difference between his or her weekly benefit

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amount and that part of his or her wages for such week in excess of twenty dollars, and, if such partial benefit amount is not a multiple of one dollar, such amount shall be reduced to the nearest lower full dollar amount. For calendar year 2007 and each year thereafter, such partial benefit shall be an amount equal to the difference between his or her weekly benefit amount and that part of his or her wages for such week in excess of twenty dollars or twenty percent of his or her weekly benefit amount, whichever is greater, and, if such partial benefit amount is not a multiple of one dollar, such amount shall be reduced to the nearest lower full dollar amount. Pay received by an eligible insured worker who is a member of the organized militia for training or duty authorized by Section 502(a)(1) of Title 32, United States Code, shall not be considered wages for the purpose of this subsection.

- The division shall compute the wage credits for each individual by crediting him or her with the wages paid to him or her for insured work during each quarter of his or her base period or twenty-six times his or her weekly benefit amount, whichever is the lesser. In addition, if a claimant receives wages in the form of termination pay or severance pay and such payment appears in a base period established by the filing of an initial claim, the claimant may, at his or her option, choose to have such payment included in the calendar quarter in which it was paid or choose to have it prorated equally among the quarters comprising the base period of the claim. the purpose of this section, wages shall be counted as wage credits for any benefit year, only if such benefit year begins subsequent to the date on which the employing unit by whom such wages were paid has become an employer. The wage credits of an individual earned during the period commencing with the end of a prior base period and ending on the date on which he or she filed an allowed initial claim shall not be available for benefit purposes in a subsequent benefit year unless, in addition thereto, such individual has subsequently earned either wages for insured work in an amount equal to at least five times his or her current weekly benefit amount or wages in an amount equal to at least ten times his or her current weekly benefit amount.
- 5. The duration of benefits payable to any insured worker during any benefit year shall be limited to:
- (1) Twenty weeks if the Missouri average unemployment rate is nine percent or higher;

 (2) Nineteen weeks if the Missouri average unemployment rate is between eight and one-half percent and nine percent;

- percent and nine percent;

  (3) Eighteen weeks if the Missouri average unemployment rate is eight percent up to and including eight and one-half percent;
- (4) Seventeen weeks if the Missouri average unemployment rate is between seven and one-half percent and eight percent;
- (5) Sixteen weeks if the Missouri average unemployment rate is seven percent up to and including seven and one-half percent;
- (6) Fifteen weeks if the Missouri average unemployment rate is between six and one-half percent and seven percent;
- (7) Fourteen weeks if the Missouri average unemployment rate is six percent up to and including six and one-half percent;
- Thirteen weeks if the Missouri average unemployment rate is below six percent. As used in this subsection, the phrase "Missouri average unemployment rate" means the average of the seasonally adjusted statewide unemployment rates as published by the United States Department of Labor, Bureau of Labor Statistics, for the time periods of January first through March thirty-first and July first through September thirtieth. The average of the seasonally adjusted statewide unemployment rates for the time period of January first through March thirty-first shall be effective on and after July first of each year and shall be effective through December thirty-first. average of the seasonally adjusted statewide unemployment rates for the time period of July first through September thirtieth shall be effective on and after January first of each year and shall be effective through June thirtieth; and
- (9) The provisions of this subsection shall become effective January 1, 2016.
- 6. In the event that benefits are due a deceased person and no petition has been filed for the probate of the will or for the administration of the estate of such person within thirty days after his or her death, the division may by regulation provide for the payment of such benefits to such person or persons as the division finds entitled thereto and every such payment shall be a valid payment to the same extent as if made to the legal representatives of the deceased.
- 7. The division is authorized to cancel any benefit warrant remaining outstanding and unpaid one year after the date of its issuance and there shall be no liability for the payment of any such benefit warrant thereafter.

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127 The division may establish an 128 electronic funds transfer system to transfer directly to claimants' accounts in financial 129 130 institutions benefits payable to them pursuant 131 to this chapter. To receive benefits by 132 electronic funds transfer, a claimant shall 133 satisfactorily complete a direct deposit 134 application form authorizing the division to 135 deposit benefit payments into a designated 136 checking or savings account. Any electronic 137 funds transfer system created pursuant to this 138 subsection shall be administered in accordance 139 with regulations prescribed by the division. 140 The division may issue a benefit 141 warrant covering more than one week of benefits. 10. Prior to January 1, 2005, the division shall institute procedures including, but not 142 143 144 limited to, name, date of birth, and Social 145 Security verification matches for remote claims 146 filing via the use of telephone or the internet 147 in accordance with such regulations as the 148 division shall prescribe. At a minimum, the 149 division shall verify the Social Security number and date of birth when an individual claimant 150 initially files for unemployment insurance 151 benefits. If verification information does not 152 153 match what is on file in division databases to what the individual is stating, the division 154 155 shall require the claimant to submit a division-156 approved form requesting an affidavit of 157 eligibility prior to the payment of additional 158 future benefits. The division of employment 159 security shall cross-check unemployment 160 compensation applicants and recipients with 161 Social Security Administration data maintained 162 by the federal government at least weekly. division of employment security shall cross-163 164 check at least monthly unemployment compensation 165 applicants and recipients with department of 166 revenue drivers license databases.]

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288.060. 1. All benefits shall be paid through employment offices in accordance with such regulations as the division may prescribe.

- 2. Each eligible insured worker who is totally unemployed in any week shall be paid for such week a sum equal to his or her weekly benefit amount.
- 3. Each eligible insured worker who is partially
   unemployed in any week shall be paid for such week a partial
   benefit. Such partial benefit shall be an amount equal to

10 the difference between his or her weekly benefit amount and that part of his or her wages for such week in excess of 11 12 twenty dollars, and, if such partial benefit amount is not a multiple of one dollar, such amount shall be reduced to the 13 nearest lower full dollar amount. For calendar year 2007 14 and each year thereafter, such partial benefit shall be an 15 16 amount equal to the difference between his or her weekly 17 benefit amount and that part of his or her wages for such week in excess of twenty dollars or twenty percent of his or 18 19 her weekly benefit amount, whichever is greater, and, if such partial benefit amount is not a multiple of one dollar, 20 such amount shall be reduced to the nearest lower full 21 dollar amount. [Termination pay, severance pay, or] Pay 22 received by an eligible insured worker who is a member of 23 the organized militia for training or duty authorized by 24 25 Section 502(a)(1) of Title 32, United States Code, shall not be considered wages for the purpose of this subsection. 26 27 The division shall compute the wage credits for 28 each individual by crediting him or her with the wages paid to him or her for insured work during each quarter of his or 29 her base period or twenty-six times his or her weekly 30 benefit amount, whichever is the lesser. In addition, if a 31 32 claimant receives wages in the form of termination pay, 33 vacation pay, holiday pay, or severance pay and such payment appears in a base period established by the filing of an 34 35 initial claim, the claimant may, at his or her option, 36 choose to have such payment included in the calendar quarter 37 in which it was paid or choose to have it prorated equally 38 among the quarters comprising the base period of the claim. 39 The maximum total amount of benefits payable to any insured worker during any benefit year shall not exceed twenty times 40 his or her weekly benefit amount, or thirty-three and one-41

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42 third percent of his or her wage credits, whichever is the lesser. For the purpose of this section, wages shall be 43 44 counted as wage credits for any benefit year, only if such benefit year begins subsequent to the date on which the 45 employing unit by whom such wages were paid has become an 46 47 employer. The wage credits of an individual earned during 48 the period commencing with the end of a prior base period 49 and ending on the date on which he or she filed an allowed 50 initial claim shall not be available for benefit purposes in 51 a subsequent benefit year unless, in addition thereto, such individual has subsequently earned either wages for insured 52 work in an amount equal to at least five times his or her 53 54 current weekly benefit amount or wages in an amount equal to at least ten times his or her current weekly benefit amount. 55

- 5. In the event that benefits are due a deceased person and no petition has been filed for the probate of the will or for the administration of the estate of such person within thirty days after his or her death, the division may by regulation provide for the payment of such benefits to such person or persons as the division finds entitled thereto and every such payment shall be a valid payment to the same extent as if made to the legal representatives of the deceased.
- 6. The division is authorized to cancel any benefit warrant remaining outstanding and unpaid one year after the date of its issuance and there shall be no liability for the payment of any such benefit warrant thereafter.
- 7. The division may establish an electronic funds transfer system to transfer directly to claimants' accounts in financial institutions benefits payable to them pursuant to this chapter. To receive benefits by electronic funds transfer, a claimant shall satisfactorily complete a direct

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74 deposit application form authorizing the division to deposit 75 benefit payments into a designated checking or savings 76 account. Any electronic funds transfer system created pursuant to this subsection shall be administered in 77 78 accordance with regulations prescribed by the division. 79 The division may issue a benefit warrant covering more than one week of benefits. 80 81 Prior to January 1, 2005, the division shall 82 institute procedures including, but not limited to, name, 83 date of birth, and Social Security verification matches for remote claims filing via the use of telephone or the 84 internet in accordance with such regulations as the division 85 86 shall prescribe. At a minimum, the division shall verify the Social Security number and date of birth when an 87 individual claimant initially files for unemployment 88 89 insurance benefits. If verification information does not 90 match what is on file in division databases to what the 91 individual is stating, the division shall require the claimant to submit a division-approved form requesting an 92

future benefits. The division of employment security shall cross-check unemployment compensation applicants and recipients with Social Security Administration data

affidavit of eligibility prior to the payment of additional

maintained by the federal government at least weekly. The division of employment security shall cross-check at least

monthly unemployment compensation applicants and recipients

100 with department of revenue drivers license databases.