SECOND REGULAR SESSION

HOUSE BILL NO. 1283

93RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES SMITH (118) (Sponsor), PORTWOOD, SATER AND STEVENSON (Co-sponsors).

Read 1st time January 10, 2006 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

4186L.01I

AN ACT

To repeal sections 288.036, 288.045, 288.060, 288.121, 288.122, 288.128, and 288.381, RSMo, and to enact in lieu thereof seven new sections relating to unemployment insurance, with an effective date.

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

- Section A. Sections 288.036, 288.045, 288.060, 288.121, 288.122, 288.128, and
- 2 288.381, RSMo, are repealed and seven new sections enacted in lieu thereof, to be known as
- 3 sections 288.036, 288.045, 288.060, 288.121, 288.122, 288.128, and 288.381, to read as follows:
- 288.036. 1. "Wages" means all remuneration, payable or paid, for personal services
- 2 including commissions and bonuses and, except as provided in subdivision (7) of this section,
- 3 the cash value of all remuneration paid in any medium other than cash. Gratuities, including tips
- 4 received from persons other than the employing unit, shall be considered wages only if required
- 5 to be reported as wages pursuant to the Federal Unemployment Tax Act, 26 U.S.C. Sec. 3306,
- 6 and shall be, for the purposes of this chapter, treated as having been paid by the employing unit.
- 7 Severance pay shall be considered as wages to the extent required pursuant to the Federal
- 8 Unemployment Tax Act, 26 U.S.C. Section 3306(b). Vacation pay and holiday pay shall be
- 9 considered as wages for the week with respect to which it is payable. The term "wages" shall
- 10 not include:
- 11 (1) The amount of any payment made (including any amount paid by an employing unit
- 12 for insurance or annuities, or into a fund, to provide for any such payment) to, or on behalf of,

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

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
- 19 (b) Medical and hospitalization expenses in connection with sickness or accident 20 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. 401(a) which is exempt from tax pursuant to 26 U.S.C. 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. Sec. 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. Sec. 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.
- 46 Sec. 3306 shall be reported as wages as required thereunder;

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(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.
- 2. 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. The taxable wage base for calendar year 2008[, and each year thereafter,] shall be twelve thousand dollars and the taxable wage base for calendar year 2009 shall be twelve thousand five hundred dollars. The state taxable wage base for each calendar year thereafter shall be determined by the preceding September thirtieth balance of the unemployment compensation trust fund, less any outstanding federal Title XII advances received pursuant to section 288.330, [or if the fund is not utilizing moneys advanced by the federal government, then less the principal, interest, and administrative expenses related to credit instruments issued under section 288.330, or the principal, interest, and administrative expenses related to financial agreements under subdivision (17) of subsection 2 of section 288.330, or the principal, interest, and administrative expenses related to a combination of Title XII advances, credit instruments, and financial agreements] less the principal, interest, and administrative expenses related to any credit instrument issued under section 288.030, and less the principal, interest, and administrative expenses related to any financial agreements under subdivision (17) of subsection 2 of section 288.330. When the September thirtieth unemployment compensation trust fund balance, or, if the average balance, less any federal advances of the unemployment compensation trust fund of the four preceding quarters (September thirtieth, June thirtieth, March thirty-first, and December thirty-first of the preceding calendar year) is less any outstanding federal Title XII advances received pursuant to section 288.330,] as so determined is:
- (1) Less than, or equal to, three hundred fifty million dollars, then the wage base shall increase by one thousand dollars; or
- (2) Six hundred fifty million or more, then the state taxable wage base for the subsequent calendar year shall be decreased by five hundred dollars. In no event, however, shall the state taxable wage base increase beyond [twelve] **thirteen** thousand dollars, or decrease to less than seven thousand dollars. [For calendar year 2009, the tax wage base shall be twelve thousand five hundred dollars. For calendar year 2010 and each calendar year thereafter, in no event shall the

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state taxable wage base increase beyond thirteen thousand dollars, or decrease to less than seven

84 thousand dollars.]

For any calendar year, the state taxable wage base shall not be reduced to less than that part of the remuneration which is subject to a tax under a federal law imposing a tax against which credit may be taken for contributions required to be paid into a state unemployment compensation trust fund. Nothing in this section shall be construed to prevent the wage base from increasing or decreasing by increments of five hundred dollars.

288.045. 1. If a claimant is at work with a detectible amount of alcohol or a controlled substance as defined in section 195.010, RSMo, in the claimant's system, in violation of the employer's alcohol and controlled substance workplace policy, the claimant shall have committed misconduct connected with the claimant's work.

- 2. For carboxy-tetrahydrocannabinol, a chemical test result of fifty nannograms per milliliter or more shall be considered a detectible amount. For alcohol, a blood alcohol content of eight-hundredths of one percent or more by weight of alcohol in the claimant's blood shall be considered a detectible amount.
- 3. If the test is conducted by a laboratory certified by the United States Department of [Transportation] **Health and Human Services**, the test results and the laboratory's trial packet shall be included in the administrative record and considered as evidence.
- 4. For this section to be applicable, the claimant must have previously been notified of the employer's alcohol and controlled substance workplace policy by conspicuously posting the policy in the workplace, by including the policy in a written personnel policy or handbook, or by statement of such policy in a collective bargaining agreement governing employment of the employee. The policy must state that a positive test result shall be deemed misconduct and may result in suspension or termination of employment.
- 5. For this section to be applicable, testing shall be conducted only if sufficient cause exists to suspect alcohol or controlled substance use by the claimant. If sufficient cause exists to suspect prior alcohol or controlled substance use by the claimant, or the employer's policy clearly states that there will be random testing, then testing of the claimant may be conducted randomly.
- 6. Notwithstanding any provision of this chapter to the contrary, any claimant found to be in violation of this section shall be subject to the cancellation of all or part of the claimants wage credits as provided by [subdivision (2) of] subsection 2 of section 288.050.
- 7. The application of the alcohol and controlled substance testing provisions of this section shall not apply in the event that the claimant is subject to the provisions of any applicable collective bargaining agreement, which contains methods for alcohol or controlled substance

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testing. Nothing in this chapter is intended to authorize any employer to test any applicant or employee for alcohol or drugs in any manner inconsistent with Missouri or United States constitution, law, statute or regulation, including those imposed by the Americans with Disabilities Act and the National Labor Relations Act.

- 8. All specimen collection and testing for drugs and alcohol under this chapter shall be performed in accordance with the procedures provided for by the United States Department of Transportation rules for workplace drug and alcohol testing compiled at 49 C.F.R., Part 40. Any employer that performs drug testing or specimen collection shall use chain-of-custody procedures established by regulations of the United States Department of Transportation. "Specimen" means tissue, fluid, or a product of the human body capable of revealing the presence of alcohol or drugs or their metabolites. "Chain of custody" refers to the methodology of tracking specified materials or substances for the purpose of maintaining control and accountability from initial collection to final disposition for all such materials or substances, and providing for accountability at each stage in handling, testing, and storing specimens and reporting test results.
- 9. For this section to be applicable, the employee may request that a confirmation test on the specimen be conducted. "Confirmation test" means a second analytical procedure used to identify the presence of a specific drug or alcohol or metabolite in a specimen, which test must be different in scientific principle from that of the initial test procedure and must be capable of providing requisite specificity, sensitivity and quantitative accuracy. In the event that a confirmation test is requested, such shall be obtained from a separate, unrelated certified laboratory and shall be at the employee's expense only if said test confirms results as specified in subsection 2 of this section.
- 10. Use of a controlled substance as defined under section 195.010, RSMo, under and in conformity with the lawful order of a healthcare practitioner, shall not be deemed to be misconduct connected with work for the purposes of this section.
- 11. This section shall have no effect on employers who do not avail themselves of the requirements and regulations for alcohol and controlled drug testing determinations that are required to affirm misconduct connected with work findings.
- 12. Any employer that initiates an alcohol and drug testing policy after January 1, 2005, shall ensure that at least sixty days elapse between a general one-time notice to all employees that an alcohol and drug testing workplace policy is being implemented and the effective date of the program.
- 13. (1) In applying provisions of this chapter, it is the intent of the legislature to reject and abrogate previous case law interpretations of "misconduct connected with work" requiring a finding of evidence of impairment of work performance, including, but not limited to, the

holdings contained in Baldor Electric Company v. Raylene Reasoner and Missouri Division of
Employment Security, 66 S.W.3d 130 (Mo.App. E.D. 2001).

- (2) In determining whether or not misconduct connected with work has occurred, neither the state, any agency of the state, nor any court of the state of Missouri shall require a finding of evidence of impairment of work performance.
- 14. Notwithstanding any provision of this chapter to the contrary, any claimant found to be in violation of this section shall be subject to the cancellation of all or part of the claimants wage credits as provided by [subdivision (2)] of subsection 2 of section 288.050.
- 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 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, 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. Termination pay, severance pay or 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.
- 4. 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 maximum total amount of benefits payable to any insured worker during any benefit year shall not exceed twenty-six times his or her weekly benefit amount, or thirty-three and one-third percent of his or her wage credits, whichever is the lesser. For 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. 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 deposit application form authorizing the division to deposit benefit payments into a designated checking or savings account. Any electronic funds transfer system created pursuant to this subsection shall be administered in accordance with regulations prescribed by the division.
 - 8. The division may issue a benefit warrant covering more than one week of benefits.
- 9. Prior to January 1, 2005, the division shall institute procedures including, but not limited to, name, date of birth, and Social Security verification matches for remote claims filing via the use of telephone or the Internet in accordance with such regulations as the division shall prescribe. At a minimum, the division shall verify the Social Security number and date of birth when an individual claimant initially files for unemployment insurance benefits. If verification information does not match what is on file in division databases to what the individual is stating, the division shall require the claimant to submit a division-approved form requesting an affidavit of eligibility prior to the payment of additional future benefits. The division of employment security shall cross-check unemployment compensation applicants and recipients with Social Security Administration data maintained by the federal government [on the most frequent basis recommended by the United States Department of Labor, or absent a recommendation,] at least [monthly] weekly. The division of employment security shall cross-check at least monthly unemployment compensation applicants and recipients with department of revenue drivers license databases.

288.121. [1.] On October first of each calendar year, if the average balance, less any federal advances, of the unemployment compensation trust fund of the four preceding quarters (September thirtieth, June thirtieth, March thirty-first and December thirty-first of the preceding calendar year) is less than four hundred fifty million dollars, then each employer's contribution rate calculated for the four calendar quarters of the succeeding calendar year shall be increased by the percentage determined from the following table:

7 Balance in Trust Fund

| 8 | | | Percentage |
|----|---------------|-------------------|-------------|
| 9 | Less Than | Equals or Exceeds | of Increase |
| 10 | | | |
| 11 | \$450,000,000 | \$400,000,000 | 10% |
| 12 | \$400,000,000 | \$350,000,000 | 20% |
| 13 | \$350,000,000 | | 30% |

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For calendar years 2005, 2006, and 2007, the contribution rate of any employer who is paying the maximum contribution rate shall be increased by forty percent, instead of thirty percent as previously indicated in the table in this section.

[2. For calendar years 2005, 2006, and 2007, an employer's total contribution rate shall equal the employer's contribution rate plus a temporary debt indebtedness assessment equal to the amount to be determined in subdivision (6) of subsection 2 of section 288.330 added to the contribution rate plus the increase authorized under subsection 1 of this section. Any moneys overcollected beyond the actual administrative, interest and principal repayment costs for the credit instruments used shall be deposited into the state unemployment insurance trust fund and credited to the employer's experience account. The temporary debt indebtedness assessment shall expire upon the last day of the fourth calendar quarter of 2007.]

288.122. On October first of each calendar year, if the average balance, less any federal advances, of the unemployment compensation trust fund of the four preceding quarters (September thirtieth, June thirtieth, March thirty-first and December thirty-first of the preceding calendar year) is more than [five] six hundred million dollars, then each employer's contribution rate calculated for the four calendar quarters of the succeeding calendar year shall be decreased by the percentage determined from the following table:

| 7 | | Balance in Trust Fund | |
|----|---------------|-----------------------------|-------------|
| 8 | | | Percentage |
| 9 | More Than | [But] Equal to or Less Than | of Decrease |
| 10 | | | |
| 11 | \$600,000,000 | \$750,000,000 | 7% |

12 \$750,000,000 12%

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Notwithstanding the table in this section, if the balance in the unemployment insurance compensation trust fund as calculated in this section is more than seven hundred fifty million dollars, the percentage of decrease of the employer's contribution rate calculated for the four calendar quarters of the succeeding calendar year shall be no greater than ten percent for any employer whose calculated contribution rate under section 288.120 is six percent or greater.

288.128. 1. In addition to all other contributions due under this chapter, if the fund is 2 utilizing moneys advanced by the federal government under the provisions of 42 U.S.C.A., Section 1321 pursuant to section 288.330, [or if the fund is not utilizing moneys advanced by the federal government, then from the proceeds of credit instruments issued under section 288.330, or from the moneys advanced under financial agreements under subdivision (17) of subsection 2 of section 288.330, or a combination of credit instruments proceeds and moneys advanced under financial agreements,] each employer shall be assessed an amount solely for the payment 8 of interest due on such federal advancements, or if the fund is not utilizing moneys advanced 9 by the federal government, or in the case of issuance of credit instruments for the payment of the principal, interest, and administrative expenses related to such credit instruments, or in the case 10 11 of financial agreements for the payment of principal, interest, and administrative expenses related 12 to such financial agreements, or in the case of a combination of credit instruments and financial 13 agreements for the payment of principal, interest, and administrative expenses for both]. The rate shall be determined by dividing the interest due [on federal advancements or if the fund is 15 not utilizing moneys advanced by the federal government, then the principal, interest, and 16 administrative expenses related to credit instruments, or the principal, interest, and administrative 17 expenses related to financial agreements under subdivision (17) of subsection 2 of section 18 288.330, or the principal, interest, and administrative expenses related to a combination of credit instruments and financial agreements] by ninety-five percent of the total taxable wages paid by 19 20 all Missouri employers in the preceding calendar year. Each employer's proportionate share shall 21 be the product obtained by multiplying such employer's total taxable wages for the preceding 22 calendar year by the rate specified in this section. Each employer shall be notified of the amount 23 due under this section by June thirtieth of each year and such amount shall be considered 24 delinquent thirty days thereafter. The moneys collected from each employer for the payment of 25 interest due on federal advances, or if the fund is not utilizing moneys advanced by the federal government, then the payment of principal, interest, and administrative expenses related to credit 26 27 instruments, or the payment of the principal, interest, and administrative expenses related to 28 financial agreements under subdivision (17) of subsection 2 of section 288.330, or the payment 29 of the principal, interest, and administrative expenses related to a combination of credit

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instruments and financial agreements,] shall be deposited in the special employment security fund.

- 2. If on December thirty-first of any year the money collected under [this] subsection 1 of this section exceeds the amount of interest due on federal advancements by one hundred thousand dollars or more, then each employer's experience rating account shall be credited with an amount which bears the same ratio to the excess moneys collected under this section as that employer's payment collected under this section bears to the total amount collected under this section. Further, if on December thirty-first of any year the moneys collected under this section exceed the amount of interest due on the federal advancements by less than one hundred thousand dollars, the balance shall be transferred from the special employment security fund to the Secretary of the Treasury of the United States to be credited to the account of this state in the unemployment trust fund.
- 3. In addition to all other contributions due under this chapter, if the fund is utilizing moneys from the proceeds of credit instruments issued under section 288.330, or from the moneys advanced under financial agreements under subdivision (17) of subsection 2 of section 288.330, or a combination of credit instrument proceeds and moneys advanced under financial agreements each employer shall be assessed a credit instrument and financing agreement repayment surcharge. The total of such surcharge shall be calculated as an amount up to one hundred fifty percent of the amount required in the twelve-month period following the due date for the payment of such surcharge for the payment of the principal, interest, and administrative expenses related to such credit instruments, or in the case of financial agreements for the payment of principal, interest, and administrative expenses related to such financial agreements, or in the case of a combination of credit instruments and financial agreements for the payment of principal, interest, and administrative expenses for both. Each employer's proportionate share shall be the product obtained by multiplying the total statewide credit instrument and financing agreement repayment surcharge by a number obtained by dividing the employer's total taxable wages for the prior year by the total taxable wages in the state for the prior year. Each employer shall be notified of the amount due under this section by (January) thirtieth of each year and such amount shall be considered delinquent thirty days thereafter.
- 288.381. 1. The provisions of subsection 6 of section 288.070 notwithstanding, benefits paid to a claimant pursuant to subsection 5 of section 288.070 to which the claimant was not entitled based on a subsequent determination, redetermination or decision which has become final, shall be collectible by the division as provided in subsections [11] 12 and [12] 13 of section 288.380.
- 2. Notwithstanding any other provision of law to the contrary, when a claimant who has been separated from his employment receives benefits under this chapter and subsequently

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receives a back pay award pursuant to action by a governmental agency, court of competent jurisdiction or as a result of arbitration proceedings, for a period of time during which no services were performed, the division shall establish an overpayment equal to the lesser of the amount of the back pay award or the benefits paid to the claimant which were attributable to the period covered by the back pay award. After the claimant has been provided an opportunity for a fair hearing under the provision of section 288.190, the employer shall withhold from the employee's backpay award the amount of benefits so received and shall pay such amount to the division and separately designate such amount.

- 3. For the purposes of subsection 2 of this section, the division shall provide the employer with the amount of benefits paid to the claimant.
- 4. Any individual, company, association, corporation, partnership, bureau, agency or the agent or employee of the foregoing who interferes with, obstructs, or otherwise causes an employer to fail to comply with the provisions of subsection 2 of this section shall be liable for damages in the amount of three times the amount owed by the employer to the division. The division shall proceed to collect such damages under the provisions of sections 288.160 and 288.170.

Section B. Section A of this act shall become effective January 1, 2007.

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