

108TH CONGRESS
1ST SESSION

H. R. 3295

To provide for additional benefits under the Temporary Extended Unemployment Compensation Act of 2002, to extend the Federal unemployment benefits system, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 15, 2003

Mr. ENGLISH introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To provide for additional benefits under the Temporary Extended Unemployment Compensation Act of 2002, to extend the Federal unemployment benefits system, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Neighbors in Need Act”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—TEMPORARY EXTENDED UNEMPLOYMENT
COMPENSATION

Sec. 101. Additional weeks of benefits.

Sec. 102. Program extension in States with high unemployment.

TITLE II—FEDERAL UNEMPLOYMENT BENEFIT SYSTEM
REFORMS

Sec. 201. Increase and decrease in earnings credited to State accounts when
States meet or fail to meet funding goals.

Sec. 202. Interest-free advances to State accounts in Unemployment Trust
Fund restricted to States which meet funding goals.

TITLE III—AMENDMENTS TO THE INTERNAL REVENUE CODE OF
1986

Sec. 301. 2-year suspension of tax on unemployment compensation.

Sec. 302. State collection of Federal unemployment tax.

Sec. 303. Required distribution of State-specific information packets.

1 TITLE I—TEMPORARY EX-
2 TENDED UNEMPLOYMENT
3 COMPENSATION

4 SEC. 101. ADDITIONAL WEEKS OF BENEFITS.

5 (a) IN GENERAL.—Section 203 of the Temporary Ex-
6 tended Unemployment Compensation Act of 2002 is
7 amended by adding at the end the following:

8 “(d) ADDITIONAL WEEKS OF BENEFITS.—Notwith-
9 standing any other provision of this section, upon the ex-
10 haustion of all amounts that may be credited to an individ-
11 ual’s account under the preceding provisions of this sec-
12 tion, such account shall be increased by an amount equal
13 to 8 times the individual’s average weekly benefit amount
14 for the benefit year (as determined under subsection
15 (b)(2)).”.

1 (b) EFFECTIVE DATE AND APPLICABILITY.—The
2 amendment made by subsection (a)—

3 (1) shall take effect as if included in the enact-
4 ment of the Temporary Extended Unemployment
5 Compensation Act of 2002, and shall apply to weeks
6 of unemployment beginning on or after the date of
7 the enactment of this Act, but

8 (2) shall not apply in the case of any individual
9 whose eligibility for additional weeks of benefits
10 would be based on an exhaustion of amounts (as re-
11 quired under such amendment) occurring on or after
12 the date of the enactment of this Act.

13 **SEC. 102. PROGRAM EXTENSION IN STATES WITH HIGH UN-**
14 **EMPLOYMENT.**

15 (a) APPLICABILITY.—This section applies only to any
16 State with respect to which, during the last week in De-
17 cember 2003, an extended benefit period (as described in
18 section 203 of the Federal-State Extended Unemployment
19 Compensation Act of 1970)—

20 (1) is in effect; or

21 (2) would be in effect, if subsection (d) of such
22 section 203 were applied by substituting—

23 (A) “100” for “120” in paragraph (1)(A);

24 and

1 (B) “3.5” for “5” in paragraph (1)(B) and
 2 the first flush sentence following paragraph (2).

3 (b) EXTENSION.—In the case of each State that sat-
 4 isfies subsection (a), section 208 of the Temporary Ex-
 5 tended Unemployment Compensation Act of 2002 shall be
 6 applied as if it had been amended—

7 (1) in subsection (a)(2), by striking “December
 8 31, 2003” and inserting “March 31, 2004”;

9 (2) in subsection (b)(1), by striking “December
 10 31, 2003” and inserting “March 31, 2004”;

11 (3) in subsection (b)(2)—

12 (A) in the heading, by striking “DECEM-
 13 BER 31, 2003” and inserting “MARCH 31, 2004”;
 14 and

15 (B) by striking “December 31, 2003” and
 16 inserting “March 31, 2004”; and

17 (4) in subsection (b)(3), by striking “March 31,
 18 2004” and inserting “June 30, 2004”.

19 (c) DEFINITIONS.—For purposes of this section, the
 20 terms “State” and “week” have the respective meanings
 21 given such terms under section 207 of the Temporary Ex-
 22 tended Unemployment Compensation Act of 2002.

23 (d) RULE OF CONSTRUCTION.—Nothing in this Act
 24 shall be considered to limit, terminate, or otherwise affect
 25 any unemployment benefits provided under section 4002

1 of the Emergency Wartime Supplemental Appropriations
2 Act, 2003.

3 (e) EFFECTIVE DATE.—The amendments made by
4 this section shall take effect as if included in the enact-
5 ment of the Temporary Extended Unemployment Com-
6 pensation Act of 2002.

7 **TITLE II—FEDERAL UNEMPLOY-**
8 **MENT BENEFIT SYSTEM RE-**
9 **FORMS**

10 **SEC. 201. INCREASE AND DECREASE IN EARNINGS CRED-**
11 **ITED TO STATE ACCOUNTS WHEN STATES**
12 **MEET OR FAIL TO MEET FUNDING GOALS.**

13 (a) IN GENERAL.—Section 904 of the Social Security
14 Act (42 U.S.C. 1104) is amended by adding at the end
15 the following new subsection:

16 “Increase and Decrease in Amount of Earnings Allocated
17 to State Accounts When States Meet or Fail to Meet
18 Funding Goals

19 “(h)(1) If the average daily balance in a State ac-
20 count in the Unemployment Trust Fund for any calendar
21 quarter exceeds the funding goal of such State, the
22 amount otherwise creditable to such account under sub-
23 section (e) for such quarter shall be increased by the inter-
24 est premium on such excess. If the average daily balance
25 in such a State account for any calendar quarter is less

1 than the funding goal of such State, the amount otherwise
2 creditable to such account under subsection (e) for such
3 quarter shall be decreased by the interest penalty.

4 “(2) Paragraph (1) shall not apply with respect to
5 any interest premium or interest penalty to the extent that
6 such application would result in an increase or decrease
7 of more than \$2,500,000 in the amount creditable to any
8 State account for any calendar quarter.

9 “(3) For purposes of this subsection, the term ‘inter-
10 est premium’ means, for any calendar quarter—

11 “(A) with respect to the State with the largest
12 percentage value of excess of the average daily bal-
13 ance in the State account in the Unemployment
14 Trust Fund over the funding goal of such State,
15 one-half of one percent of the amount of such ex-
16 cess, and

17 “(B) with respect to each other State, the prod-
18 uct of—

19 “(i) the amount of the excess of the aver-
20 age daily balance in the State account in the
21 Unemployment Trust Fund over the funding
22 goal of such State, and

23 “(ii) the percentage which bears the same
24 ratio to one-half of one percent as—

1 “(I) the percentage value of such ex-
 2 cess, bears to

3 “(II) the percentage value of the ex-
 4 cess of the State referred to in subpara-
 5 graph (A).

6 The Secretary shall make appropriate adjustments in the
 7 interest premium for any calendar quarter if the aggregate
 8 interest premiums payable for such quarter exceed the ag-
 9 gregate interest penalties for such quarter.

10 “(4) For purposes of this subsection, the term ‘inter-
 11 est penalty’ means, for any calendar quarter—

12 “(A) with respect to the State with the largest
 13 percentage value of excess of the funding goal of
 14 such State over the average daily balance in the
 15 State account in the Unemployment Trust Fund,
 16 one-half of one percent of the amount otherwise
 17 creditable to such account under subsection (e), and

18 “(B) with respect to each other State, the prod-
 19 uct of—

20 “(i) the amount otherwise creditable to
 21 such account under subsection (e), and

22 “(ii) the percentage which bears the same
 23 ratio to one-half of one percent as—

24 “(I) the percentage value of the excess
 25 of the funding goal of the State over such

1 average daily balance of such State, bears
2 to

3 “(II) the percentage value of such ex-
4 cess of the State referred to in subpara-
5 graph (A).

6 “(5) For purposes of this subsection, the term ‘fund-
7 ing goal’ means, for any State for any calendar quarter,
8 the average of the unemployment insurance benefits paid
9 by such State during each of the 3 years, in the 20-year
10 period ending with the calendar year containing such cal-
11 endar quarter, during which the State paid the greatest
12 amount of unemployment benefits.

13 “(6) For purposes of this subsection, the term ‘per-
14 centage value’ means—

15 “(A) with respect to any excess of the average
16 daily balance in a State account in the Unemploy-
17 ment Trust Fund over the funding goal of such
18 State, the percentage which such excess bears to
19 such funding goal, and

20 “(B) with respect to any excess of such funding
21 goal over such average daily balance, the percentage
22 which such excess bears to such funding goal.”.

23 (b) CONFORMING AMENDMENTS.—

24 (1) AMOUNTS CREDITED TO STATE AC-
25 COUNTS.—Subsection (e) of section 904 of the So-

1 cial Security Act (42 U.S.C. 1104(e)) is amended in
2 the first sentence by inserting “(as modified by sub-
3 section (h))” after “a proportionate part”.

4 (2) INTEREST RATE ON REPAYMENT OF AD-
5 VANCES DETERMINED WITHOUT REGARD TO INTER-
6 EST PREMIUMS OR PENALTIES ON AMOUNTS CRED-
7 ITED TO STATE ACCOUNTS.—Subparagraph (A) of
8 section 1202(b)(4) of such Act (42 U.S.C.
9 1322(b)(4)) is amended by inserting “(determined
10 without regard to section 904(h))” after “preceding
11 calendar year”.

12 (c) REPORT.—Not later than 6 months after the date
13 of the enactment of this Act, the Secretary of Labor shall
14 submit to the Congress a report recommending sources of
15 funding for the crediting of interest premiums under sub-
16 section (h) of section 904 of the Social Security Act (42
17 U.S.C. 1104), as added by this section, in the event that
18 the imposition of interest penalties under such subsection
19 is insufficient to fund such premiums.

20 (d) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to calendar years beginning after
22 December 31, 2007.

1 **SEC. 202. INTEREST-FREE ADVANCES TO STATE ACCOUNTS**
 2 **IN UNEMPLOYMENT TRUST FUND RE-**
 3 **STRICTED TO STATES WHICH MEET FUNDING**
 4 **GOALS.**

5 (a) IN GENERAL.—Subparagraph (C) of section
 6 1202(b)(2) of the Social Security Act (42 U.S.C.
 7 1322(b)(2)) is amended to read as follows:

8 “(C) the average daily balance in the account of
 9 such State in the Unemployment Trust Fund for
 10 each of 4 of the 5 calendar quarters preceding the
 11 calendar quarter in which such advances were made
 12 exceeds the funding goal of such State (as defined
 13 in section 904(h)).”

14 (b) EFFECTIVE DATE.—The amendment made by
 15 subsection (a) shall apply to calendar years beginning
 16 after the date of the enactment of this Act.

17 **TITLE III—AMENDMENTS TO**
 18 **THE INTERNAL REVENUE**
 19 **CODE OF 1986**

20 **SECTION 301. 2-YEAR SUSPENSION OF TAX ON UNEMPLOY-**
 21 **MENT COMPENSATION.**

22 (a) IN GENERAL.—Section 85 of the Internal Rev-
 23 enue Code of 1986 (relating to unemployment compensa-
 24 tion) is amended by adding at the end the following new
 25 subsection:

1 “(c) MORATORIUM.—This section shall not apply to
2 taxable years beginning in 2004 or 2005.”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 this section shall apply to taxable years beginning after
5 December 31, 2003.

6 **SEC. 302. STATE COLLECTION OF FEDERAL UNEMPLOY-**
7 **MENT TAX.**

8 (a) IN GENERAL.—Chapter 23 of the Internal Rev-
9 enue Code of 1986 (relating to Federal Unemployment
10 Tax Act) is amended by redesignating section 3311 as sec-
11 tion 3312 and by inserting after section 3310 the following
12 new section:

13 **“SEC. 3311. STATE COLLECTION OF TAX.**

14 “(a) IN GENERAL.—At the election of any State
15 which is certified as provided in section 3304, each em-
16 ployer who pays contributions, with respect to any wages,
17 into an unemployment fund maintained under the unem-
18 ployment compensation law of such State shall submit the
19 tax imposed by this chapter with respect to such wages
20 to such State rather than to the Secretary.

21 “(b) COORDINATION WITH DEPOSITARY REQUIRE-
22 MENTS.—Payment under subsection (a) of the tax im-
23 posed by this chapter with respect to any wages shall be
24 treated as timely paid for purposes of this title if paid
25 by the employer to the State at the same time as a timely

1 paid payment, with respect to such wages, of contributions
 2 into an unemployment fund maintained under the unem-
 3 ployment compensation law of such State.

4 “(c) EXCEPTION FOR PAYMENTS NOT TIMELY
 5 PAID.—Subsection (a) shall not apply to any payment of
 6 the tax imposed by this chapter which is not paid by an
 7 employer on or before the last date on which such payment
 8 would be treated as timely paid under subsection (b).

9 “(d) FEDERAL TAX TRANSFERRED TO SEC-
 10 RETARY.—Each State making an election under sub-
 11 section (a) shall transmit to the Secretary, at the time
 12 and in the manner prescribed by the Secretary, the
 13 amount of the tax imposed by this chapter which is sub-
 14 mitted to such State under subsection (a) and a copy of
 15 the State tax return of each employer making such a sub-
 16 mission. The Secretary may, after consultation with such
 17 organizations or other entities as the Secretary considers
 18 appropriate, prescribe regulations requiring that addi-
 19 tional information be submitted by such State with respect
 20 to the amount of such tax payable by such employer.”

21 (b) CLERICAL AMENDMENT.—The table of sections
 22 for chapter 23 of such Code is amended by striking the
 23 item relating to section 3311 and inserting the following
 24 new items:

“Sec. 3311. State collection of tax.

“Sec. 3312. Short title.”

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2004.

4 **SEC. 303. REQUIRED DISTRIBUTION OF STATE-SPECIFIC IN-**
5 **FORMATION PACKETS.**

6 (a) IN GENERAL.—Subsection (a) of section 3304 of
7 the Internal Revenue Code of 1986 (relating to approval
8 of State laws) is amended by striking “and” at the end
9 of paragraph (18), by striking the period at the end of
10 paragraph (19) and inserting “; and”, and by adding at
11 the end the following new paragraph:

12 “(20) the State will distribute to unemployed
13 individuals State-specific information packets ex-
14 plaining unemployment insurance eligibility condi-
15 tions.”

16 (b) EFFECTIVE DATE.—The amendment made by
17 subsection (a) shall apply to certifications of States for
18 2004, except that section 3304(a)(20) of such Code, as
19 added by subsection (a), shall not be a requirement for
20 the State law of any State prior to July 1, 2005, if the
21 legislature of such State does not meet in a regular session
22 which closes during the calendar year 2004.

○