

108TH CONGRESS
2D SESSION

H. R. 4684

To extend the Temporary Extended Unemployment Compensation Act of 2002, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 2004

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

A BILL

To extend the Temporary Extended Unemployment Compensation Act of 2002, 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. Program extension for States experiencing 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. PROGRAM EXTENSION FOR STATES EXPERI-**
5 **ENCING HIGH UNEMPLOYMENT.**

6 (a) IN GENERAL.—The Temporary Extended Unem-
7 ployment Compensation Act of 2002 (26 U.S.C. 3304
8 note) is amended by inserting after section 208 the fol-
9 lowing:

10 **“§ 208a. Program extension for States experiencing**
11 **high unemployment**

12 “(a) IN GENERAL.—Notwithstanding any other pro-
13 vision of this title, an agreement under section 202(a)
14 shall be considered to provide that, in the case of a State
15 described in subsection (b), the State agency of such State
16 will make payments of temporary extended unemployment
17 compensation—

18 “(1) to individuals described in subsection
19 (d)(1); and

1 “(2) for any week of unemployment which be-
 2 gins in the individual’s period of eligibility (as de-
 3 fined in subsection (e)).

4 “(b) STATE ELIGIBILITY REQUIREMENTS.—A State
 5 described in this subsection is any State that, during the
 6 week in which occurs the date of the enactment of this
 7 Act—

8 “(1) is in an extended benefit period (as de-
 9 scribed in section 203 of the Federal-State Extended
 10 Unemployment Compensation Act of 1970); or

11 “(2) would be in such a period (as so defined)
 12 if section 203(d) of such Act were applied—

13 “(A) by disregarding subparagraph (A) of
 14 paragraph (1) thereof and any reference to such
 15 subparagraph; and

16 “(B) by substituting ‘3’ for ‘5’ each place
 17 it appears.

18 “(c) TERMS AND CONDITIONS.—Except as otherwise
 19 provided in this section, the preceding provisions of this
 20 title shall apply in the case of any individual qualifying
 21 for temporary extended unemployment compensation ben-
 22 efits by virtue of this section.

23 “(d) AMOUNT IN ACCOUNT.—In determining the
 24 amount to be established in an account under section
 25 203(a) for purposes of this section—

1 “(1) section 203(b)(1) shall be applied—

2 “(A) in the case of an individual who first
3 satisfies the exhaustion requirements of this
4 title (as set forth in section 202(b)(1)–(3)) dur-
5 ing a week beginning after December 31, 2003,
6 and before the first day of the week in which
7 occurs the date of the enactment of this section,
8 by substituting ‘33 $\frac{1}{3}$ ’ for ‘50’ in section
9 203(b)(1)(A) and ‘8’ for ‘13’ in section
10 203(b)(1)(B); and

11 “(B) in the case of an individual who first
12 satisfies such requirements during a week be-
13 ginning on or after the first day of the week in
14 which occurs the date of the enactment of this
15 section and before the close of the 12th week
16 following the week in which occurs the date of
17 the enactment of this section, by applying sub-
18 paragraphs (A) and (B) of section 203(b)(1) in
19 accordance with their terms; and

20 “(2) section 203(c) shall be disregarded.

21 “(e) PERIOD OF ELIGIBILITY.—An individual’s pe-
22 riod of eligibility consists of any week which begins on or
23 after the first day of the week in which occurs the date
24 of the enactment of this section and which (except as pro-
25 vided in subsection (f)) begins before the close of the 12th

1 week following the week in which occurs the date of the
2 enactment of this section.

3 “(f) TRANSITION.—In the case of an individual who
4 is receiving benefits under this section for any week begin-
5 ning before the close of the 12th week following the week
6 in which occurs the date of the enactment of this section,
7 temporary extended unemployment compensation shall
8 continue to be payable to such individual for any week
9 thereafter for which the individual meets the eligibility re-
10 quirements of this title. No compensation shall be payable
11 by virtue of the preceding sentence for any week beginning
12 after the 25th week following the week in which occurs
13 the date of the enactment of this section.”.

14 (b) TECHNICAL AND CONFORMING AMENDMENTS.—
15 (1) Section 208(a) of the Temporary Extended Unemploy-
16 ment Compensation Act of 2002 is amended in the matter
17 before paragraph (1) by striking “subsection (b),” and in-
18 serting “subsection (b) or section 208a,”.

19 (2) The table of contents of Public Law 107–147 is
20 amended by inserting after the item relating to section
21 208 the following:

“208a. Program extension for States experiencing high unemployment.”.

1 **TITLE II—FEDERAL UNEMPLOY-**
2 **MENT BENEFIT SYSTEM RE-**
3 **FORMS**

4 **SEC. 201. INCREASE AND DECREASE IN EARNINGS CRED-**
5 **ITED TO STATE ACCOUNTS WHEN STATES**
6 **MEET OR FAIL TO MEET FUNDING GOALS.**

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

10 “Increase and Decrease in Amount of Earnings Allocated
11 to State Accounts When States Meet or Fail to Meet
12 Funding Goals

13 “(h)(1) If the average daily balance in a State ac-
14 count in the Unemployment Trust Fund for any calendar
15 quarter exceeds the funding goal of such State, the
16 amount otherwise creditable to such account under sub-
17 section (e) for such quarter shall be increased by the inter-
18 est premium on such excess. If the average daily balance
19 in such a State account for any calendar quarter is less
20 than the funding goal of such State, the amount otherwise
21 creditable to such account under subsection (e) for such
22 quarter shall be decreased by the interest penalty.

23 “(2) Paragraph (1) shall not apply with respect to
24 any interest premium or interest penalty to the extent that
25 such application would result in an increase or decrease

1 of more than \$2,500,000 in the amount creditable to any
2 State account for any calendar quarter.

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

5 “(A) with respect to the State with the largest
6 percentage value of excess of the average daily bal-
7 ance in the State account in the Unemployment
8 Trust Fund over the funding goal of such State,
9 one-half of one percent of the amount of such ex-
10 cess, and

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

13 “(i) the amount of the excess of the aver-
14 age daily balance in the State account in the
15 Unemployment Trust Fund over the funding
16 goal of such State, and

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

19 “(I) the percentage value of such ex-
20 cess, bears to

21 “(II) the percentage value of the ex-
22 cess of the State referred to in subpara-
23 graph (A).

24 The Secretary shall make appropriate adjustments in the
25 interest premium for any calendar quarter if the aggregate

1 interest premiums payable for such quarter exceed the ag-
 2 gregate interest penalties for such quarter.

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

5 “(A) with respect to the State with the largest
 6 percentage value of excess of the funding goal of
 7 such State over the average daily balance in the
 8 State account in the Unemployment Trust Fund,
 9 one-half of one percent of the amount otherwise
 10 creditable to such account under subsection (e), and

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

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

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

17 “(I) the percentage value of the excess
 18 of the funding goal of the State over such
 19 average daily balance of such State, bears
 20 to

21 “(II) the percentage value of such ex-
 22 cess of the State referred to in subpara-
 23 graph (A).

24 “(5) For purposes of this subsection, the term ‘fund-
 25 ing goal’ means, for any State for any calendar quarter,

1 the average of the unemployment insurance benefits paid
 2 by such State during each of the 3 years, in the 20-year
 3 period ending with the calendar year containing such cal-
 4 endar quarter, during which the State paid the greatest
 5 amount of unemployment benefits.

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

8 “(A) with respect to any excess of the average
 9 daily balance in a State account in the Unemploy-
 10 ment Trust Fund over the funding goal of such
 11 State, the percentage which such excess bears to
 12 such funding goal, and

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

16 (b) CONFORMING AMENDMENTS.—

17 (1) AMOUNTS CREDITED TO STATE AC-
 18 COUNTS.—Subsection (e) of section 904 of the So-
 19 cial Security Act (42 U.S.C. 1104(e)) is amended in
 20 the first sentence by inserting “(as modified by sub-
 21 section (h))” after “a proportionate part”.

22 (2) INTEREST RATE ON REPAYMENT OF AD-
 23 VANCES DETERMINED WITHOUT REGARD TO INTER-
 24 EST PREMIUMS OR PENALTIES ON AMOUNTS CRED-
 25 ITED TO STATE ACCOUNTS.—Subparagraph (A) of

1 section 1202(b)(4) of such Act (42 U.S.C.
 2 1322(b)(4)) is amended by inserting “(determined
 3 without regard to section 904(h))” after “preceding
 4 calendar year”.

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

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

16 **SEC. 202. INTEREST-FREE ADVANCES TO STATE ACCOUNTS**
 17 **IN UNEMPLOYMENT TRUST FUND RE-**
 18 **STRICTED TO STATES WHICH MEET FUNDING**
 19 **GOALS.**

20 (a) IN GENERAL.—Subparagraph (C) of section
 21 1202(b)(2) of the Social Security Act (42 U.S.C.
 22 1322(b)(2)) is amended to read as follows:

23 “(C) the average daily balance in the account of
 24 such State in the Unemployment Trust Fund for
 25 each of 4 of the 5 calendar quarters preceding the

1 calendar quarter in which such advances were made
2 exceeds the funding goal of such State (as defined
3 in section 904(h)).”

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

7 **TITLE III—AMENDMENTS TO**
8 **THE INTERNAL REVENUE**
9 **CODE OF 1986**

10 **SECTION 301. 2-YEAR SUSPENSION OF TAX ON UNEMPLOY-**
11 **MENT COMPENSATION.**

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

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

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

21 **SEC. 302. STATE COLLECTION OF FEDERAL UNEMPLOY-**
22 **MENT TAX.**

23 (a) IN GENERAL.—Chapter 23 of the Internal Rev-
24 enue Code of 1986 (relating to Federal Unemployment
25 Tax Act) is amended by redesignating section 3311 as sec-

tion 3312 and by inserting after section 3310 the following new section:

“SEC. 3311. STATE COLLECTION OF TAX.

“(a) IN GENERAL.—At the election of any State which is certified as provided in section 3304, each employer who pays contributions, with respect to any wages, into an unemployment fund maintained under the unemployment compensation law of such State shall submit the tax imposed by this chapter with respect to such wages to such State rather than to the Secretary.

“(b) COORDINATION WITH DEPOSITARY REQUIREMENTS.—Payment under subsection (a) of the tax imposed by this chapter with respect to any wages shall be treated as timely paid for purposes of this title if paid by the employer to the State at the same time as a timely paid payment, with respect to such wages, of contributions into an unemployment fund maintained under the unemployment compensation law of such State.

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

“(d) FEDERAL TAX TRANSFERRED TO SECRETARY.—Each State making an election under sub-

1 section (a) shall transmit to the Secretary, at the time
 2 and in the manner prescribed by the Secretary, the
 3 amount of the tax imposed by this chapter which is sub-
 4 mitted to such State under subsection (a) and a copy of
 5 the State tax return of each employer making such a sub-
 6 mission. The Secretary may, after consultation with such
 7 organizations or other entities as the Secretary considers
 8 appropriate, prescribe regulations requiring that addi-
 9 tional information be submitted by such State with respect
 10 to the amount of such tax payable by such employer.”

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

“Sec. 3311. State collection of tax.

“Sec. 3312. Short title.”

15 (c) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to calendar years beginning after
 17 December 31, 2004.

18 **SEC. 303. REQUIRED DISTRIBUTION OF STATE-SPECIFIC IN-**
 19 **FORMATION PACKETS.**

20 (a) IN GENERAL.—Subsection (a) of section 3304 of
 21 the Internal Revenue Code of 1986 (relating to approval
 22 of State laws) is amended by striking “and” at the end
 23 of paragraph (18), by striking the period at the end of

1 paragraph (19) and inserting “; and”, and by adding at
2 the end the following new paragraph:

3 “(20) the State will distribute to unemployed
4 individuals State-specific information packets ex-
5 plaining unemployment insurance eligibility condi-
6 tions.”

7 (b) EFFECTIVE DATE.—The amendment made by
8 subsection (a) shall apply to certifications of States for
9 2005, except that section 3304(a)(20) of such Code, as
10 added by subsection (a), shall not be a requirement for
11 the State law of any State prior to July 1, 2006, if the
12 legislature of such State does not meet in a regular session
13 which closes during the calendar year 2005.

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