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FLOOR DEBATE

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that the fund, to be solvent and to withstand most economic downturns, the fund should maintain a fund balance at the end of each year that is equivalent to .85 percent of all wages paid. In 1998, the year-end balance of the fund was \$185 million, which met the .85 percent goal. But then came the unexpected, horrible event that we have all come to know as 9-11, and the economic fallout from the event. There were increasingly high payouts from the fund. Additionally, the weekly benefit amount paid to employees increased in 1998, and I have down a percentage that I don't think is right, so I'm not going to read that to you at this time. I'm going to get that for you later. But the state paid out \$52.5 million in benefits. In 2002, the state paid out \$112.2 million in benefits. This placed the fund balance dangerously low. By the end of 2001, the fund balance remained at .58 percent of wages paid, and so the Department of Labor raised the tax rates paid by employers. The department has continued to raise the tax rates paid by employers every year since 2001. In 2004 and 2005, the tax rates continued to escalate dramatically. But even with the raise in taxes the Unemployment Trust Fund remains dangerously low. Presently, the fund sits at .5 percent of all wages paid in covered employment. This year, although there was another four-step increase to employers, the fund will only collect from employers enough to meet the benefits paid out to the employees. And although some of you may think just tax employers more, there is a point where we have to address the total unemployment insurance program, and we are at that point today, I would contend. A few senators that included Senator Bourne, Senator Redfield, Senator Combs and myself, started working on the problem. We realized the need to address the issue of how to get the unemployment program solvent and keep it solvent into the future. We gathered together other individuals that represented employers, both large and small, and representatives from the labor community. The primary goals were to create a system that provides a fully-funded Unemployment Insurance Trust Fund, predictability and stability. There were several meetings held to work out the details of how to fix and improve the unemployment insurance program. LB 739 was introduced as a product of those meetings. The committee hearing was held on this bill on January 31. Again, we listened to the comments and concerns and set to work out the finer details. Additionally, we continued to hold