

VEDDER PRICE

Labor & Employment Bulletin

A bulletin designed to keep clients and other friends informed on labor and employment law matters

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Pataki Overhauls Unemployment Insurance Law in New York

Governor Pataki has recently signed into law an overhaul of the unemployment insurance law in New York. The new system is intended to save employers hundreds of millions of dollars while increasing benefits and services to unemployed New Yorkers and providing additional tools with which to fight unemployment insurance fraud. The historic changes to the law are a result of extended negotiations between the AFL-CIO and the Business Council of New York State.

The following are synopses of the major changes to the law:

- ≈ *Tax Rate Equity* – Employers' unemployment insurance tax rates will be based more closely on employee turnover. Under the new law, employers with fewer qualifying terminations will assume a lesser share of the system's costs whereas those with a higher number of such terminations will assume a greater share of the costs.
- ≈ *Supplemental Tax Repealed* – The new law repeals the "supplemental tax" charged to employers. The Department of Labor estimates that this will save employers \$400 million in 1999 alone.
- ≈ *Wage Reporting vs. Wage Request* – Under the old system, information about employees' wages was requested from employers by the Labor Department to verify wage rates. Not only did this system unduly burden employers with paperwork, the system was subject to error and fraud. Under the new wage reporting system, computerized wage information already available from the Department of Tax and Finance will be used to verify wages.

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- ≈ *Seasonal Industry Protection* – The new law contains provisions designed to take into account the needs of seasonal employers by reducing the impact of the turnover factor if certain levels of employment are maintained from year to year.
- ≈ *Weekly Maximum Benefit Increase* – The maximum unemployment insurance benefit has been raised from \$300 to \$365 per week effective this month. In September 2000, the benefit will be raised to one-half the State's average weekly wage.
- ≈ *Statewide Re-Employment Services Fund* – A separate fund is established under the new law to provide resources, such as job placement, resume preparation, and workshops, to unemployment insurance claimants.

All in all, the new system should save employers money, particularly those with fewer qualifying terminations, and reduce some of the paperwork required of employers. If you have any questions about the new law, please contact [Alan M. Koral](mailto:Alan.M.Koral@vedderprice.com) at (212)407-7750.

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