

HOUSE CONCURRENT RESOLUTION NO. 3025

Introduced by

Representatives Skarphol, Dorso, Carlson, Wald

Senators G. Nelson, Grindberg

1 A concurrent resolution urging Congress to take steps to devolve the unemployment
2 compensation program back to the states.

3 **WHEREAS**, the unemployment compensation system was created with the dual goals
4 of helping to reduce economic hardship for unemployed workers and stabilizing the economy
5 during recessions; and

6 **WHEREAS**, to accomplish these goals, the unemployment compensation system
7 consists of unemployment insurance and a system of Job Service offices; and

8 **WHEREAS**, the unemployment compensation system is funded by a two-tiered system
9 of taxation with a state payroll tax averaging about .9 percent of total wages and a federal
10 payroll tax known as the Federal Unemployment Tax Act tax that is .6 percent of the first \$7,000
11 of wages, with a surtax of .2 percent; and

12 **WHEREAS**, the surtax was first implemented in 1977 to restore solvency and integrity
13 to the unemployment compensation system; and

14 **WHEREAS**, Congress has extended the surtax four times since 1987 despite the fact
15 the unemployment compensation system has generated large surpluses each year; and

16 **WHEREAS**, the surtax alone generated approximately \$1,400,000,000 in 1995 and is
17 due to expire in 1998; and

18 **WHEREAS**, Congress and the administration have shown signs of making the
19 temporary surtax indefinite; and

20 **WHEREAS**, the administration has budgeted to extend the surtax at least through the
21 year 2006; and

22 **WHEREAS**, the Congressional Budget Office has estimated if the .2 percent surtax is
23 eliminated, the savings to business would stimulate added job growth, resulting in increased tax
24 revenues of almost \$900,000,000 between 1996 and 2000; and

1 **WHEREAS**, of the payroll tax revenue collected through the unemployment
2 compensation system and maintained by the federal government, the federal government
3 maintains 53 separate accounts for state payroll taxes and three separate accounts for Federal
4 Unemployment Tax Act taxes; and

5 **WHEREAS**, 80 percent of the tax is supposed to be returned to the states to administer
6 the unemployment compensation program and 20 percent is dedicated to the extended benefits
7 account designed to provide long-term benefits in case of severe economic hardships, and
8 once these accounts reach their statutory ceiling the money is placed into the loan account for
9 loans to state unemployment compensation systems in financial trouble; and

10 **WHEREAS**, the accounts maintained by the federal government have accumulated
11 large surpluses that are being used to offset the federal deficit rather than return unemployed
12 workers to work; and

13 **WHEREAS**, at the end of fiscal year 1995, state accounts had balances totaling
14 \$35,900,000,000 and the three federal accounts had balances totaling \$11,900,000,000; and

15 **WHEREAS**, states only receive an average of 60 percent of the money from the federal
16 government that is supposed to be dedicated to funding the administration of the
17 unemployment compensation system and the other 40 percent is consumed by federal activities
18 including demonstration programs and federal bureaucracy; and

19 **WHEREAS**, filing reports complying with the unemployment compensation system's
20 dual taxation system costs employers almost \$500,000,000 a year; and

21 **WHEREAS**, if states were allowed to fully administer their own unemployment
22 compensation systems, duration of unemployment could be decreased, payroll taxes could be
23 decreased, and employment could be significantly increased;

24 **NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES**
25 **OF NORTH DAKOTA, THE SENATE CONCURRING THEREIN:**

26 That the Fifty-fifth Legislative Assembly urges the Congress of the United States to take
27 steps to devolve the unemployment compensation program back to the states in order to
28 maintain integrity in the system and accomplish the goals the unemployment compensation
29 system was designed to achieve; and

30 **BE IT FURTHER RESOLVED**, that the Secretary of State send a copy of this resolution
31 to each member of Congress.