

Fifty-fifth Legislative Assembly, State of North Dakota, begun in the Capitol in the City of Bismarck, on Monday, the sixth day of January, one thousand nine hundred and ninety-seven

**HOUSE CONCURRENT RESOLUTION NO. 3025
(Representatives Skarphol, Dorso, Carlson, Wald)
(Senators G. Nelson, Grindberg)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

Filed in this office this _____ day of _____, 1997,
at _____ o'clock _____ M.

Secretary of State