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Department of Labor and
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**RE: 2007 Maximum Weekly Benefit Rates
2007 Taxable Wage Base Under the Unemployment Compensation Law
2007 Contribution Rate of Governmental Entities and Instrumentalities
2007 Base Week
2007 Alternative Earnings Test**

Proposed Amendments: N.J.A.C. 12:15-1.2 through 1.6

Attached please find the above-referenced matter which was published in the September 5, 2006 *New Jersey Register*.

If you have any questions, please contact David Fish, Regulatory Officer at (609) 292-2789.

(a)

INCOME SECURITY

2007 Maximum Weekly Benefit Rates
2007 Taxable Wage Base Under the Unemployment Compensation Law
2007 Contribution Rate of Governmental Entities and Instrumentalities
2007 Base Week
2007 Alternative Earnings Test
Proposed Amendments: N.J.A.C. 12:15-1.2 through 1.6

Authorized By: David J. Socolow, Commissioner, Department of Labor and Workforce Development.

Authority: N.J.S.A. 34:1-5, 34:1-20, 34:1A-3(e), 43:21-3(c), 43:21-4(e), 43:21-7(b)(3), 43:21-7.3(e), 43:21-19(t), 43:21-27, 43:21-40 and 43:21-41.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2006-290.

A public hearing on the proposed amendments will be held on the following date at the following location:

Tuesday, October 3, 2006

10:00 A.M. to 12:00 NOON

New Jersey Department of Labor and Workforce Development

John Fitch Plaza

13th Floor, Auditorium

Trenton, New Jersey

Please call the Office of Legal and Regulatory Services at (609) 292-2789 if you wish to be included on the list of speakers.

Submit written comments by November 4, 2006 to:

David Fish, Regulatory Officer
 Office of Legal & Regulatory Services
 New Jersey Department of Labor and Workforce Development
 P.O. Box 110 - 13th Floor
 Trenton, New Jersey 08625-0110
 Fax to: (609) 292-8246

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The agency proposal follows:

Summary

In accordance with provisions of N.J.S.A. 43:21-1 et seq., the Unemployment Compensation Law, and N.J.S.A. 43:21-25 et seq., the Temporary Disability Benefits Law, which require the Commissioner of Labor and Workforce Development to annually establish and promulgate the maximum unemployment insurance and temporary disability insurance benefit rates, the contribution rate for governmental entities, the alternative earnings and base week amounts, and the taxable wage base, the Commissioner is proposing amendments to N.J.A.C. 12:15-1.2 through 1.6 to establish these rates and amounts for 2007.

The proposed amendment to N.J.A.C. 12:15-1.2 establishes the 2007 maximum weekly benefit rate for benefits under the Unemployment Compensation Law and for State Plan benefits under the Temporary Disability Benefits Law.

The proposed amendment to N.J.A.C. 12:15-1.3 establishes the 2007 taxable wage base for the purpose of contributions under the Unemployment Compensation Law in accordance with N.J.S.A. 43:21-7(b)(3).

The proposed amendment to N.J.A.C. 12:15-1.4 establishes the 2007 contribution rate for governmental entities and instrumentalities that elect to pay contributions under the Unemployment Compensation Law.

The proposed amendment to N.J.A.C. 12:15-1.5 establishes the amount of earnings required in 2007 to establish a base week for an individual's claim for unemployment compensation and State Plan temporary disability benefits.

Finally, the proposed amendment to N.J.A.C. 12:15-1.6 establishes for 2007 the amount of base year earnings required to establish an individual's eligibility for unemployment compensation and State Plan temporary disability benefits in those instances in which the individual has not established 20 base weeks.

Because a 60-day comment period has been provided in the notice of proposal, this notice is excepted from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.3(a)5.

Social Impact

The proposed amendments will have a positive social impact. Specifically, the proposed amendment to N.J.A.C. 12:15-1.2 will ensure that payments to unemployment and disability insurance recipients entitled to maximum benefits will increase in line with the upward trend of wages in the State's economy, thus preserving the real purchasing power of the benefits.

The proposed amendment to N.J.A.C. 12:15-1.3 will generate increased revenues for the Unemployment Insurance and Temporary Disability Insurance Trust Funds needed to offset the increased level of benefits for these programs, which are statutorily indexed to the upward trend of wages in the State's economy.

The proposed amendment to N.J.A.C. 12:15-1.4 will maintain the contribution rate for governmental entities and instrumentalities that elect to pay contributions under the Unemployment Compensation Law and will have no social impact on the public.

The proposed amendments to N.J.A.C. 12:15-1.5 and 1.6 provide for the base week amount and the amount of earnings to establish eligibility, respectively, to be indexed to increases in the State minimum hourly wage.

Economic Impact

The proposed amendments will have minimal economic impact. Specifically, the proposed amendment to N.J.A.C. 12:15-1.2 will increase the weekly benefit rates received by individuals eligible for the maximum weekly benefit rate under the Unemployment Compensation Law and under the Temporary Disability Benefits Law beginning January 1, 2007, in compliance with statutory provisions which automatically adjust these

benefit rates each year in accordance with changes in the Statewide average weekly wage. The maximum weekly benefit for Unemployment Compensation is computed as 56 and 2/3 percent of the Statewide average weekly wage in the second preceding calendar year. As of January 1, 2007, the maximum weekly benefit will increase from \$521.00 to \$536.00. The 2007 maximum benefit rate represents a 2.9 percent increase over the current benefit rate.

The maximum weekly benefit for State Plan Temporary Disability is computed as 53 percent of the Statewide average weekly wage in the second preceding calendar year. As of January 1, 2007, the maximum weekly benefit will increase from \$488.00 to \$502.00. The 2007 maximum benefit rate represents a 2.9 percent increase over the current benefit rate.

The proposed amendment to N.J.A.C. 12:15-1.3 will increase from \$25,800 to \$26,600 the wages of an individual employee of an employer that are subject to contributions under the Unemployment Compensation Law, beginning January 1, 2007. The taxable wage base is computed as 28 times the Statewide average weekly wage in the second preceding calendar year. The taxable wage base represents a 3.1 percent increase over the current wage base.

The proposed amendment to N.J.A.C. 12:15-1.4, which will maintain the contribution rate for governmental entities at 0.4 percent of taxable wages for 2007, will result in no increase in costs to State and local government units that choose this financing option, provided that all other factors that might influence the level of contributions remain the same.

The proposed amendment to N.J.A.C. 12:15-1.5 will increase the amount an individual must earn to establish a base week under the Unemployment Compensation and Temporary Disability Benefits Laws. The amount is computed as 20 times the State minimum hourly wage in effect as of October 1 of the preceding calendar year and will increase from \$123.00 to \$143.00 beginning January 1, 2007, reflecting the increase in the minimum wage, effective October 1, 2006, from \$6.15 per hour to \$7.15 per hour pursuant to P.L. 2005, c. 70.

The proposed amendment to N.J.A.C. 12:15-1.6 will increase the alternative earnings eligibility standard under the Unemployment Compensation and Temporary Disability Benefits Laws in those situations where the individual has not established 20 base weeks in the base year period. The amount is computed as 1,000 times the State minimum hourly wage in effect as of October 1 of the preceding calendar year, and will increase from \$6,200 to \$7,200 for 2007 reflecting the increase in the minimum wage effective October 1, 2006 from \$6.15 per hour to \$7.15 per hour.

Federal Standards Statement

The proposed amendments do not contain any standards or requirements which exceed standards or requirements imposed by Federal Law. The proposed amendments affect benefit and contribution levels under the Unemployment Compensation and Temporary Disability Benefits Laws. As a result, an explanation or analysis of the proposed amendments pursuant to N.J.S.A. 52:14B-22 et seq./Executive Order No. 27 (1994) is not required.

Jobs Impact

The proposed amendments will have no impact on jobs in New Jersey. The Department does not anticipate an increase or decrease in jobs as a result of these amendments.

Agriculture Industry Impact

The proposed amendments will have no impact on the agriculture industry.

Regulatory Flexibility Statement

The proposed amendments do not impose any reporting, recordkeeping or compliance requirements on small businesses as that term is defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. The proposed amendments affect benefit and contribution levels under the Unemployment Compensation and Temporary Disability Benefits Laws. Thus, a regulatory flexibility analysis is not required.

Smart Growth Impact

The proposed amendments will not have any impact on the achievement of smart growth or the implementation of the State Development and Redevelopment Plan.

Full text of the proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

12:15-1.2 Maximum weekly benefit rates

(a) In accordance with the provisions of the Unemployment Compensation Law, N.J.S.A. 43:21-1 et seq., the maximum weekly benefit rate under the Unemployment Compensation Law is hereby promulgated as being [\$521.00] **\$536.00** per week.

(b) The maximum weekly benefit rate for State Plan benefits under the Temporary Disability Benefits Law is hereby promulgated as being [\$488.00] **\$502.00** per week.

(c) These maximum benefits shall be effective for the calendar year [2006] **2007** on unemployment compensation benefit years and periods of disability commencing on or after January 1, [2006] **2007**.

12:15-1.3 Taxable wage base under the Unemployment Compensation Law

In accordance with the provisions of N.J.S.A. 43:21-7(b)(3), the "wages" of any individual with respect to any one employer for the purpose of contributions under the Unemployment Compensation Law shall include the first [\$25,800] **\$26,600** during the calendar year [2006] **2007**.

12:15-1.4 Contribution rate of governmental entities and instrumentalities

(a) (No change.)

(b) This contribution rate shall be effective on taxable wages paid in the calendar year [2006] **2007**.

12:15-1.5 Base week

(a) In accordance with the provisions of N.J.S.A. 43:21-19(c)(1) and (t)(3) and 43:21-27(h)(4), the base week amount is hereby promulgated as being [\$123.00] **\$143.00** per week for calendar year [2006] **2007**.

12:15-1.6 Alternative earnings test

In accordance with the provisions of N.J.S.A. 43:21-4(e)(4)(B) and 43:21-41(d)(2), in those instances in which the individual has not established 20 base weeks, the alternative earnings amount for establishing eligibility is hereby promulgated as being [\$6,200] **\$7,200** for unemployment compensation benefit years and periods of disability commencing on or after January 1, [2006] **2007**.