

109TH CONGRESS
2^D SESSION

H. R. 6274

To amend the Federal Unemployment Tax Act to provide for the establishment of a demonstration project program to permit States to more properly and efficiently administer the State's unemployment compensation law, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 2006

Mr. CHOCOLA (for himself, Mr. SAM JOHNSON of Texas, and Mr. BRADY of Texas) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Federal Unemployment Tax Act to provide for the establishment of a demonstration project program to permit States to more properly and efficiently administer the State's unemployment compensation law, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Unemployment Tax
5 Equity Act of 2006”.

1 **SEC. 2. DEMONSTRATION PROGRAM FOR STATE ADMINIS-**
2 **TRATION OF UNEMPLOYMENT COMPENSA-**
3 **TION PROGRAM.**

4 (a) IN GENERAL.—Chapter 23 of the Internal Rev-
5 enue Code of 1986 (26 U.S.C. 3301–3311) is amended—

6 (1) by redesignating section 3311 as section
7 3312; and

8 (2) by inserting after section 3310 the following
9 new section:

10 **“SEC. 3311. DEMONSTRATION PROGRAM FOR STATE ADMIN-**
11 **ISTRATION OF UNEMPLOYMENT COMPENSA-**
12 **TION PROGRAM.**

13 “(a) IN GENERAL.—The Secretary of Labor shall es-
14 tablish a demonstration program under which the primary
15 responsibility for the proper and efficient administration
16 of a State’s unemployment compensation law is trans-
17 ferred (by agreement with the Secretary of Labor) to each
18 participating State for the duration of the demonstration
19 project under such program. Such agreement shall contain
20 such terms and conditions as the Secretary of Labor deter-
21 mines necessary or appropriate to carry out this section.

22 “(b) LIMITATION ON NUMBER OF PARTICIPATING
23 STATES.—The Secretary of Labor may not enter into
24 agreements under this section for demonstration projects
25 under the demonstration program with more than 5
26 States.

1 “(c) APPLICATION.—

2 “(1) IN GENERAL.—The Governor of any State
3 which desires to enter into an agreement under this
4 section may submit an application to the Secretary
5 of Labor at such time, in such manner, and includ-
6 ing such information as the Secretary of Labor may
7 require. Such application shall, at a minimum, in-
8 clude—

9 “(A) a description of the demonstration
10 project, including the authorization under State
11 law for conducting the demonstration project
12 and the time period during which such dem-
13 onstration project would be conducted;

14 “(B) a description of the goals relating to
15 the demonstration project and the expected pro-
16 grammatic outcomes if the application to par-
17 ticipate in the demonstration project is ap-
18 proved, including how the demonstration project
19 will assist in meeting the purposes of the dem-
20 onstration program described in subsection (a);

21 “(C) assurances, accompanied by detailed
22 analysis, that the demonstration project will
23 provide the amount of funding necessary for the
24 proper and efficient administration of the
25 State’s unemployment compensation law;

1 “(D) a description of the manner in which
2 the State will conduct an impact evaluation,
3 using a control or comparison group or other
4 methodology, of the demonstration project de-
5 scribed in subparagraph (A) and determine
6 whether the goals and outcomes described in
7 subparagraph (B) are achieved; and

8 “(E) assurances that the State will provide
9 any reports relating to the demonstration
10 project as the Secretary may require.

11 “(2) NOTICE.—

12 “(A) APPLICATION PROCEDURE.—The Sec-
13 retary of Labor shall provide notice to each
14 State setting forth the purposes of the dem-
15 onstration program, the application require-
16 ments, and a due date for the receipt of appli-
17 cations.

18 “(B) APPROVAL OR DENIAL OF APPLICA-
19 TION.—The Secretary of Labor shall provide
20 public notice of the decision to approve or deny
21 any application submitted under this section
22 within 30 days after notifying the State of such
23 approval or disapproval. Notice under this sub-
24 paragraph may be provided through the Inter-
25 net or other appropriate means.

1 “(d) PERIOD FOR WHICH DEMONSTRATION PROJECT
2 IS IN EFFECT.—

3 “(1) IN GENERAL.—A demonstration project
4 for which the Secretary of Labor enters into an
5 agreement with a State under this section shall, ex-
6 cept as provided in paragraphs (2) and (3)—

7 “(A) be for a period of 5 years,

8 “(B) not begin before January 1, 2008,

9 and

10 “(C) terminate before January 1, 2014.

11 “(2) TERMINATION OF AGREEMENT BY SEC-
12 RETARY OF LABOR.—The Secretary of Labor may
13 terminate an agreement entered into under this sec-
14 tion if the Secretary determines that the State has
15 not complied with the terms and conditions specified
16 in such agreement.

17 “(3) TERMINATION OF AGREEMENT BY
18 STATE.—Any State which is a party to an agree-
19 ment under this section may, upon providing 30
20 days written notice to the Secretary of Labor, termi-
21 nate such agreement.

22 “(e) ADJUSTMENT OF CREDIT.—In the case of cred-
23 its allowed to a taxpayer under section 3302 with respect
24 to the unemployment compensation law of a State for

1 which a demonstration project is in effect under this sec-
 2 tion, section 3302 shall be applied—

3 “(1) in subsection (b) thereof by substituting
 4 ‘5.8%’ for ‘5.4%’, and

5 “(2) in subsection (c)(1) thereof by substituting
 6 ‘96.67 percent’ for ‘90 percent’.”.

7 (b) INELIGIBILITY FOR GRANTS FOR UNEMPLOY-
 8 MENT COMPENSATION ADMINISTRATION.—Section 302 of
 9 the Social Security Act (42 U.S.C. 502) is amended by
 10 adding at the end the following new subsection:

11 “(d) The Secretary of Labor shall make no certifi-
 12 cation under subsection (a) for payment to any State with
 13 respect to any fiscal year (or portion of a fiscal year) dur-
 14 ing which such State is participating in a demonstration
 15 project established under section 3311 of the Internal Rev-
 16 enue Code of 1986.”.

17 (c) CONFORMING AMENDMENT.—The table of sec-
 18 tions for chapter 23 of such Code is amended by striking
 19 the item relating to section 3311 and inserting after the
 20 item relating to section 3310 the following:

“Sec. 3311. Demonstration program for State administration of unemployment
 compensation program.

“Sec. 3312. Short title.”.

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