
The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Dawn Romero Watson.

DIGEST

SB 55 Original

2020 Second Extraordinary Session

Cortez

Present law provides for unemployment compensation as a joint federal-state program with administrative expenses financed by federal payroll taxes under the Federal Unemployment Tax Act (FUTA) and the cost of benefits financed by state payroll taxes under State Unemployment Tax Acts (SUTA). Provides that revenues collected through Louisiana's SUTA are deposited into an account for Louisiana within the federal Unemployment Trust Fund. The account is referenced in present law as the state's unemployment trust fund and is dedicated to the payment of unemployment benefits for Louisiana's unemployed workers.

Present law provides a chart that establishes four different procedures based on trust fund balance ranges to determine:

- (1) The maximum dollar amount of wages (or "taxable wage base") paid to an employee in a calendar year upon which the Louisiana employer will be liable for SUTA taxes.
- (2) The maximum weekly benefit amount a qualified unemployed Louisiana worker may receive in unemployment benefits.
- (3) The formula for calculating unemployment benefits for a qualified unemployed worker based upon that worker's past wages.

Present law provides that as the unemployment trust fund balance increases, employers taxes decrease and unemployed worker benefits increase, and as the trust fund balance decreases, employer taxes increase and unemployed worker benefits decrease. Specifically, the present law chart provides:

- (1) Procedure 1 (applicable when the unemployment trust fund balance range is less than \$750,000,000) provides that the taxable wage base shall be \$8,500 and the maximum weekly benefit amount shall be \$221.
- (2) Procedure 2 (applicable when the unemployment trust fund balance range is at least \$750,000,000 but less than \$1,150,000,000) provides that the taxable wage base shall be \$7,700 and the maximum weekly benefit amount shall be \$247.
- (3) Procedure 3 (applicable when the unemployment trust fund balance range is at least \$1,150,000,000 but less than \$1,400,000,000) provides that the taxable wage base shall be \$7,000 and the maximum weekly benefit amount shall be \$258.
- (4) Procedure 4 (applicable when the unemployment trust fund balance range is greater than

\$1,400,000,000) provides that the taxable wage base shall be \$7,000 and the maximum weekly benefit amount shall be \$284.

Present law provides that the Procedure to be use for the following calendar year to be based on the applicable fund balance range. Requires that each September, the Revenue Estimating Conference meet to adopt its official projection of the state's unemployment trust fund balance for September 1st of the next calendar year and report such to the secretary of the Louisiana Workforce Commission. Present law then requires the secretary, using the lower amount of the actual balance in Louisiana Unemployment Trust Fund account on September 1st and the amount of the balance in Louisiana Unemployment Trust Fund projected by the Revenue Estimating Conference for the following September 1st and apply the Procedure associated with the appropriate balance range in the present law chart to set the taxable wage base, the maximum weekly benefit and formula for calculating benefits for the next calendar year.

Proposed law provides that notwithstanding any other provision of present law, the secretary of the Louisiana Workforce Commission shall apply Procedure 2 for calendar year 2021.

Present law (R.S. 23:1514) creates a job training program called the Incumbent Worker Training Program (IWTP) administered by the Louisiana Workforce Commission.

Present law provides for IWTP to receive funding as part of a social charge tax (which is a component of an employer's SUTA tax) in years in which Procedures 2, 3, and 4 are applied. Provides that in years in which the applied trust fund balance range exceeds \$750,000,000 but is less than \$1,250,000,000, the appropriation for IWTP shall be up to \$20,000,000. Provides that in years in which the applied trust fund balance range is equal to or exceeds \$1,250,000,000, the appropriation for IWTP shall be up to \$35,000,000. Present law requires the secretary of the Louisiana Workforce Commission to make the determination of the amount the IWTP is to be funded by the October 14th prior to the calendar year in which it will be collected.

Proposed law provides that notwithstanding present law, no amount shall be appropriated through the social charge account and thereby included in the social charge tax for the calendar year beginning on January 1, 2021.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 23:1541(D) and 1553(B)(8) and (10); enacts R.S. 23:1474(J))