

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 55** SLS 202ES 63

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: October 5, 2020 7:34 PM	Author: CORTEZ
Dept./Agy.: Workforce Commission	Analyst: Tanesha Morgan
Subject: Unemployment	

UNEMPLOYMENT COMP OR DECREASE SD RV See Note Page 1 of 1
Provides for the unemployment insurance procedure to be applied by the administrator for calendar year 2021. (gov sig) (Items #8 and #30)

Proposed law provides that notwithstanding any other provision of present law the Louisiana Workforce Commission shall apply Procedure 2 for calendar year 2021. Procedure 2, in present law, provides that the taxable wage base shall be \$7,700 and the maximum weekly benefit amount shall be \$247, when the UI Trust Fund balance range is between \$750 M and \$1.15 B.

Present law provides for the Incumbent Worker Training Program (IWTP) to receive funding as part of a social charge tax in years in which Procedures 2, 3, and 4 are applied. Present law provides that in years in which UI Trust Fund range is between \$750 M and \$1.15 B, the appropriation for IWTP shall be up to \$20 M. Proposed law provides that notwithstanding present law, no amount shall be appropriated through the social charge account for the calendar year beginning on January 1, 2021.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	DECREASE	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total			\$0	\$0	\$0	\$0

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	DECREASE	DECREASE	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total			\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed bill provides that the maximum unemployment benefit paid from the UI Trust Fund to recipients shall remain at a maximum weekly benefit amount of \$247 for the calendar year beginning January 1, 2021. Based on present law, if the projected balance of the UI Trust Fund falls below \$750 M, then the maximum benefit falls to \$221. The REC is anticipated to adopt a revised UI Trust Fund projection at the end of the special session. The projection is anticipated to be less than \$750 M.

Note: Although the bill does not specifically reduce the expenditures of the Incumbent Worker Training Program (IWTP), it reduces the sole source of revenue that supports the program's expenditures by \$20 M.

REVENUE EXPLANATION

The proposed bill provides that no amount shall be collected from employers to fund the IWTP the calendar year beginning January 1, 2021. Currently, LWC receives \$20 M from employers to fund this program.

The proposed bill also provides that the taxable wage base for UI tax remains at \$7,500. Based on present law, if the projected balance of the UI Trust Fund falls below \$750 M, then the taxable wage base increases to \$8,500. For illustrative purposes, employers paid \$205.5 M in UI taxes in 2019 at a wage base of \$7,500. If the wage base had been \$8,500 in 2019, employers would have paid an estimated \$232.9 M in UI taxes, which is an increase of \$27.4 M in taxes.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger

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