

2020 First Extraordinary Session

SENATE RESOLUTION NO. 40

BY SENATORS CARTER, LUNEAU, REESE AND WOMACK

UNEMPLOYMENT COMP. Requests the governor, the congressional delegation, and certain legislative committees to respond immediately to the impact COVID-19 has had on Louisiana's unemployment trust fund.

1 A RESOLUTION

2 To urge and request the governor of Louisiana, the members of Louisiana delegation of the  
3 United States Congress, the Senate Committee on Finance, and the House  
4 Committee on Appropriations to respond immediately to the drastic decline in the  
5 balance of Louisiana's unemployment trust fund to protect employers and workers  
6 during this time of economic uncertainty.

7 WHEREAS, as of March 1, 2020, Louisiana's unemployment trust fund was the  
8 seventeenth most solvent in the nation as determined by the United States Department of  
9 Labor, with a balance of approximately \$1,058,000,000; and

10 WHEREAS, the funds in Louisiana's unemployment trust fund come from state  
11 unemployment tax payments made by Louisiana employers on their employee's earnings up  
12 to the amount of the taxable wage base; and

13 WHEREAS, the funds in Louisiana's unemployment trust fund are exclusively used  
14 for the payment of unemployment benefits to eligible and qualified Louisiana unemployed  
15 workers; and

16 WHEREAS, on March 11, 2020, Proclamation 25 JBE 2020 was issued by the  
17 governor declaring a public health crisis in the state due to a novel coronavirus commonly  
18 known as COVID-19, and that proclamation has continued in effect, renewed in various

1 degrees in accordance with Centers for Disease Control and Prevention (CDC) guidelines,  
2 as the virus has progressed in Louisiana; and

3 WHEREAS, COVID-19 has caused major disruptions to the state's economy, forcing  
4 many businesses to temporarily close and many workers to be laid off or furloughed; and

5 WHEREAS, Louisiana's initial unemployment insurance claims for the week ending  
6 March 21, 2020, was 72,438, a dramatic increase from the 1,698 initial claims filed for week  
7 ending March 7, 2020; and

8 WHEREAS, according to the Bureau of Labor Statistics, U.S. Department of Labor,  
9 Louisiana's unemployment rate was 13.3% in May of 2020, which was down from 14.5%  
10 in April, but significantly higher than the 4.5% rate in May of 2019; and

11 WHEREAS, approximately \$3,460,000,000 in state and federal unemployment  
12 benefits have been paid to Louisiana's unemployed workers since March 22, 2020, and the  
13 balance of Louisiana's unemployment trust fund as of June 25, 2020, has declined to  
14 approximately \$550,000,000; and

15 WHEREAS, as the state continues to follow CDC guidelines and progress through  
16 the various phases of responsibly opening up the economy, and businesses, workers, and  
17 residents become more comfortable and confident, it can be anticipated that the  
18 unemployment rate and unemployment claims will decline and revenues from state  
19 unemployment taxes will increase, but it will likely take an extensive amount of time before  
20 Louisiana's unemployment trust fund will reach prior solvency levels; and

21 WHEREAS, the taxable wage base for determining employers unemployment taxes  
22 and the formula for the calculation and maximum weekly amount of a workers'  
23 unemployment benefits are set on a calendar year basis and La. R.S. 23:1474 provides a  
24 procedure and timeframe for determination of the taxable wage base, benefit calculation  
25 formula, and maximum benefit amount for the next calendar year; and

26 WHEREAS, La. R.S. 23:1474 provides that the essential factor in determining those  
27 items is Louisiana's unemployment trust fund balance on September first and the projected  
28 balance the following September; and

29 WHEREAS, in accordance with La. R.S. 23:1474, as Louisiana's trust fund balance  
30 declines, the taxable wage base increases, thereby increasing an employer's state

1 unemployment taxes and the benefit calculation formula and maximum weekly benefit  
2 amount decreases, thereby decreasing an unemployed worker's benefits; and

3 WHEREAS, immediate action is necessary to address the substantial decrease in the  
4 balance of Louisiana's unemployment trust fund to avoid a significant increase in the  
5 unemployment tax burden on Louisiana employers and a significant decrease in the amount  
6 of benefits for an eligible, qualified Louisiana worker for calendar year 2021, which will  
7 make economic recovery for Louisiana even more challenging.

8 THEREFORE, BE IT RESOLVED that the Senate of the Legislature of Louisiana  
9 does hereby urge and request the governor of the state, the members of the Louisiana  
10 delegation of the United States Congress, the Senate Committee on Finance, and the House  
11 Committee on Appropriations to respond immediately to address the drastic decline in the  
12 balance of Louisiana's unemployment trust fund to avoid an additional tax burden on already  
13 struggling businesses and a decrease in benefits for already struggling unemployed workers  
14 during these uncertain economic times.

15 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the  
16 governor of Louisiana and to each member of the Louisiana delegation of the United States  
17 Congress.

---

The original instrument and the following digest, which constitutes no part  
of the legislative instrument, were prepared by Michelle Ridge.

---

DIGEST

SR 40 Original

2020 First Extraordinary Session

Carter

Requests the governor of Louisiana, the members of Louisiana's congressional delegation, the Senate Committee on Finance, and the House Committee on Appropriations to respond immediately to the drastic decline in the balance of Louisiana's unemployment trust fund to protect employers and unemployed workers during this time of economic uncertainty.