

## LEGISLATIVE FISCAL OFFICE Fiscal Note

**ACT 243** 

Fiscal Note On: **SB 461** SLS 20RS 857

Bill Text Version: **ENROLLED** 

Opp. Chamb. Action:

Proposed Amd.: Sub. Bill For.:

**Date:** July 6, 2020 12:35 PM

**Dept./Agy.:** Workforce Commission

Subject: Unemployment insurance

Author: RFFSF

Analyst: Tanesha Morgan

UNEMPLOYMENT COMP EN DECREASE SD RV See Note Page 1 of 1
Provides relative to deferral of certain unemployment insurance benefit charges and employer contributions. (gov sig)

<u>Proposed law</u> provides that during calendar year 2020, each employer's second quarter wage and tax reports, along with any unemployment insurance contributions pertaining thereto, shall be due September 15. <u>Proposed law</u> provides that benefits paid to employees of experience-rated employers pursuant to Proclamations JBE 2020-27 and JBE 2020-29 shall not be charged against the experience rating records of a claimant's base period employer. <u>Proposed law</u> provides that if any federal funds are received as reimbursement for benefits paid in accordance with these proclamations and otherwise chargeable to employers pursuant to present law, such amount shall be applied toward the unemployment compensation trust fund.

EVENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	E VEAR TOTAL
<b>EXPENDITURES</b>						5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	\$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	DECREASE	DECREASE	DECREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

## **EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

## **REVENUE EXPLANATION**

The proposed legislation is anticipated to decrease revenue deposited into the Unemployment Insurance (UI) Trust Fund by a substantial, yet indeterminable amount.

The bill provides that UI benefits paid to employees as a result of the COVID-19 public health emergency shall not be charged against the experience rating of a claimant's employer, which results in employers not reimbursing the UI Trust Fund for claims paid as much as they otherwise would. The total maximum loss of reimbursement cannot be determined at this time, given that it is dependent on several unknown variables such as when stay at home orders will be lifted and when employees return to work. For informational purposes, as of April 2020, LWC estimates that an average of \$26 M per week in UI benefits are being paid to unemployed workers as a result of COVID-19.

The bill also provides that for the second quarter of 2020, every employer's unemployment insurance payments are deferred until September 15. In the second quarter of FY 19, unemployment insurance collections totaled \$32.28 M. Collections typically generate 0.208% per month in interest. Based on FY 19 data, the proposed legislation could result in a loss of approximately \$107,000 in interest earnings (\$32.28 M collections x 0.208% per month x 1.5 months).

<u>Senate</u>	<u>Dual Referral Rules</u> \$100,000 Annual Fiscal Cost {S & H}	House $6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}$	Sleggy V. allell
13.5.2 >=	\$500,000 Annual Tax or Fee Change {S & H}	6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	Gregory V. Albrecht Chief Economist