	LEGISLATIVE FISCAL Fiscal Note	OFFICE					
Louisiana		Fiscal Note On:	SB	372	SLS	14RS	794
:Leg鍋離tive		Bill Text Version:	ENRO	LLED			
FiscallyDffice		Opp. Chamb. Action:					
Hastill-Nates		Proposed Amd.:					
		Sub. Bill For.:					
Date: June 5, 2014	12:17 PM	A	Author:	MARTI	NY		
Dept./Agy.: Workforce Commission							
Subject: Employer Penalty	for Failure to Provide Records/Informa	ation A	nalyst:	Patrice	Thoma	as	

UNEMPLOYMENT COMP

EN INCREASE SG RV See Note

Page 1 of 1

To provide for auditing of employer records for unemployment compensation. (2/3-CA7s2.1) (8/1/14)

In response to a request by the Louisiana Workforce Commission (LWC), Office of Unemployment Insurance Administration, if an employer refuses to allow an audit of its records, fails to make records available for audit or inspection, or fails to provide weekly wage information, <u>proposed law</u> allows that an administrative penalty of \$5,000 may be assessed on the employer. <u>Proposed law</u> provides any notices by the LWC requesting such information must clearly state that a penalty of \$5,000 for the failure to provide the information is authorized. <u>Proposed law</u> provides penalties collected shall be credited to the LWC penalty and interest account. <u>Proposed law</u> provides that once an audit has been resolved, the LWC may refund the assessed penalty less administrative costs. <u>Proposed law</u> is effective August 1, 2014.

EXPENDITURES	2014-15	<u>2015-16</u>	2016-17	2017-18	2018-19	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	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	<u>2014-15</u>	2015-16	2016-17	<u>2017-18</u>	2018-19	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on Louisiana Workforce Commission (LWC), Office of Unemployment Insurance Administration expenditures as a result of this measure. Presently, on an annual basis, the LWC select 1,400 employers to audit their employee wage records. This measure does not impact the number of annual audits performed by LWC or the audit process.

REVENUE EXPLANATION

The proposed legislation allows the Louisiana Workforce Commission (LWC) to assess a \$5,000 penalty on noncompliant employers. All revenue generated from civil fees collected from employers pursuant to this measure is deposited into the LWC Penalty and Interest statutory dedication fund. Annually, the LWC selects 1,400 employers for audit of their employee wage records. In FY 13, 178 employers selected for an audit refused to comply.

Current noncompliance is approximately 150 employers per year (an average of previous years). However, if employers know they will be assessed a \$5,000 noncompliance penalty, LWC anticipates a 90% compliance rate, resulting in 15 noncompliant employers in the first year. In subsequent fiscal years, the noncompliant rate is estimated to decrease, and by FY 19, the LWC anticipates a noncompliance rate of 5% as a result of this measure. After a \$5,000 noncompliance penalty is assessed, employers can provide the requested audit information to the LWC. Once an audit has been resolved, the proposed legislation provides that LWC may refund the noncompliance penalty, less administrative costs, to employers.

	No. of Anticipated	
	Noncompliant Employers	Civil Fees (estimated)
FY 15	15	\$75,000
FY 16	10	\$50,000
FY 17	9	\$45,000
FY 18	8	\$40,000
FY 19	7	\$37,500

The estimates above are receipts if no refund of any portion of the penalty is made to any employer. To the extent refunds are made, net of administrative costs, LWC will ultimately collect less than these amounts.

$\frac{\text{Senate}}{1351} = 4$	Dual Referral Rules Hous \$100,000 Annual Fiscal Cost {S&H}		John D. Cagater
13.5.2 >= \$	500,000 Annual Tax or Fee Change {S&H}	 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S} 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} 	John D. Carpenter Legislative Fiscal Officer