SLS 21RS-206 ENGROSSED

2021 Regular Session

SENATE CONCURRENT RESOLUTION NO. 5

BY SENATOR REESE

UNEMPLOYMENT COMP. Suspends the provision of law providing for an unemployment insurance solvency tax.

1	A CONCURRENT RESOLUTION
2	To suspend until sixty days after final adjournment of the 2022 Regular Session of the
3	Legislature of Louisiana the provisions of R.S. 23:1536(E)(1), relative to the
4	unemployment insurance solvency tax on employers.
5	WHEREAS, Article III, Section 20 of the Constitution of Louisiana empowers the
6	legislature to suspend a law; and
7	WHEREAS, the current public health emergency caused by COVID-19 has required
8	an extended shutdown of many businesses resulting in a dramatic decline in their revenue
9	and the layoff of their employees; and
10	WHEREAS, the widespread layoffs have led to massive unemployment of workers
11	and increased demands for unemployment benefits; and
12	WHEREAS, state unemployment benefits for Louisiana workers are funded by state
13	unemployment taxes paid by employers that are collected by the Louisiana Workforce
14	Commission and submitted to the United States Department of Labor to be pooled into the
15	state's unemployment compensation trust fund account; and
16	WHEREAS, the dramatic increase in the volume of unemployment benefit claims
17	has resulted in a drastic reduction in the balance of the state's unemployment compensation
18	trust fund account; and

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1	WHEREAS, R.S. 23:1536(E)(1) requires the secretary of the Louisiana Workforce
2	Commission to report when the state's projected unemployment compensation trust fund
3	balance for the next four calendar quarters, together with projected state unemployment
4	taxes to be collected less the projected amount of unemployment benefits to be paid during
5	the next four calendar quarters, will result in a trust fund balance of less than one hundred
6	million dollars and provides that a solvency tax shall be added to an employer's state
7	unemployment taxes for the calendar quarter beginning six months after the end of the
8	calendar quarter in which the projection is made; and
9	WHEREAS, the exact amount of the solvency tax is dependent on the amount the
10	unemployment compensation trust fund balance is projected to be below one hundred
11	million dollars and the amount of state unemployment taxes projected to be collected from
12	employers; and
13	WHEREAS, in October of 2020, the secretary of the Louisiana Workforce
14	Commission reported that the projected fund balance for the next four calendar quarters,
15	together with projected state unemployment taxes to be collected less the projected amount
16	of unemployment benefits to be paid from the state's unemployment compensation trust fund
17	during the next four calendar quarters, will result in a fund balance of less than one hundred
18	million dollars, triggering the solvency tax; and
19	WHEREAS, the impact of the imposition of the solvency tax at this time on many

WHEREAS, the impact of the imposition of the solvency tax at this time on many employers already suffering from dramatically reduced revenues could negatively affect their ability to hire back or to retain employees and stay in business.

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THEREFORE, BE IT RESOLVED that the Legislature of Louisiana hereby suspends the provisions of R.S. 23:1536(E)(1) relative to the unemployment insurance solvency tax on employers.

BE IT FURTHER RESOLVED that this suspension shall become effective upon adoption of this Resolution and shall extend through the sixtieth day after final adjournment of the 2022 Regular Session of the Legislature of Louisiana.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the secretary of the Louisiana Workforce Commission.

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

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Suspends <u>present law</u> that provides that if the secretary of the La. Workforce Commission reports, in any calendar quarter, that the projected state unemployment trust fund balance for the next four calendar quarters, together with projected state unemployment taxes to be collected plus any other amounts otherwise pledged thereto, less the amount of projected unemployment benefits to be paid from the fund during the next four calendar quarters, will result in a fund balance of less than \$100,000,000, there shall be added to the employer taxes a solvency tax for the calendar quarter beginning six months after the end of the calendar quarter in which the projection was made.

<u>Present law</u> further provides that the solvency tax shall be determined by the secretary of the commission and that it shall be a ratio, expressed as a fraction. Provides that the numerator of the fraction shall be the amount by which the projected unemployment trust fund balance during the next four calendar quarters is less than \$100,000,000 and the denominator of the fraction shall be the amount of the projected unemployment taxes to be collected from employers for the calendar quarter beginning six months after the end of the calendar quarter in which the projection was made. Provides that the ratio shall be applied as a percentage to each employer's unemployment tax rate for the calendar quarter beginning six months after the end of the calendar quarter in which the projection was made, provided that the aggregate of the added solvency tax for any quarter shall not exceed a total of 30% of the employer's regular unemployment taxes for that quarter.

<u>Present law</u> also requires that prior to adding the solvency tax to an employer's regular unemployment taxes, the secretary of the commission is to notify the House and Senate committees on Labor and Industrial Relations, the House Committee on Ways and Means, and the Senate Committee on Revenue and Fiscal Affairs of the status of the state's unemployment trust fund and of their intention to add the solvency tax. Requires their report to also contain recommendations of alternative actions which may be taken either administratively or legislatively to protect the solvency of the fund. Also requires that prior to adding the solvency tax to an employer's unemployment tax, they shall conduct within such calendar quarter in which the projection is made a public hearing for informational purposes only after public notice thereof. The notice of such hearing shall be published once in the official journal of the state at least 15 days prior to the hearing date.

Effective through the 60th day following final adjournment of the 2022 R.S.

(Suspends R.S. 23:1536(E)(1))