

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SCR 5** SLS 202ES 43  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> October 5, 2020 5:24 PM	<b>Author:</b> REESE
<b>Dept./Agy.:</b> Workforce Commission	<b>Analyst:</b> Tanesha Morgan
<b>Subject:</b> Unemployment	

EMPLOYMENT OR DECREASE SD RV See Note Page 1 of 1  
 Suspends certain provisions of law relative to unemployment tax increases and benefit reductions. (Items #8 and #30).

Suspends the provisions of R.S. 23:1474(C) and (G)(3), 1532.1, and 1536(E)(1) and (F)(3)(a)(i) which provides relative to the setting of unemployment benefits and certain special assessments and taxes. Effective through June 30, 2021.

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

  

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

**EXPENDITURE EXPLANATION**

The proposed resolution provides that the maximum unemployment benefit paid from the UI Trust Fund to recipients cannot be changed based on the REC's projected UI Trust Fund balance until June 30, 2021. For informational purposes, the current maximum weekly unemployment benefit is \$247. Based on present law, if the projected balance falls below \$750 M, then 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.

**REVENUE EXPLANATION**

The proposed resolution temporarily suspends LWC's ability to impose the following employer taxes until June 30, 2021:

(1) A solvency tax applied if the balance of the UI Trust Fund falls below \$100 M. This tax can be up to an additional 30% above an employer's normal contributions. For illustrative purposes, if this tax would have been applied in 2019, employers would have paid an estimated \$61.6 M in additional UI tax contributions. See the tax below:

	<u>UI tax collections</u>	<u>Solvency tax of 30%</u>
1st quarter of 2019	\$27,590,000	\$ 8,277,000
2nd quarter of 2019	\$117,600,000	\$35,280,000
3rd quarter of 2019	\$34,795,000	\$10,438,500
<u>4th quarter of 2019</u>	<u>\$25,490,000</u>	<u>\$7,647,000</u>
Total	\$205,475,000	\$61,642,500

(2) A special assessment tax that is applied if the state incurs debt to pay unemployment benefits. This tax is equal to 1.4% of the first \$15 K that employers pay in wages. Currently, the state has not incurred debt to pay unemployment benefits.

(3) A surtax used to repay interest on federal advances for unemployment benefits. This amount of this tax is indeterminable at this time, as it is dependent on the total amount of the federal advances and the interest that must be paid on those advances. Currently, the state has not drawn down any federal advance to pay unemployment benefits.

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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**Staff Director**