

RÉSUMÉ DIGEST

ACT 91 (SB 89)

2021 Regular Session

Reese

Prior law provided for unemployment compensation as a joint federal-state program with administrative expenses financed by federal payroll taxes under the Federal Unemployment Tax Act (FUTA) and the cost of benefits financed by state payroll taxes under State Unemployment Tax Acts (SUTA). Prior law provided that revenue collected through Louisiana's SUTA are deposited into an account for Louisiana within the Federal Unemployment Trust Fund. The account is referenced in prior law as the state's unemployment trust fund and is dedicated to the payment of unemployment benefits for Louisiana's unemployed workers.

Prior law provided a chart that establishes four different procedures based on trust fund balance ranges to determine:

- (1) The maximum dollar amount of wages (or "taxable wage base") paid to an employee in a calendar year upon which the Louisiana employer will be liable for SUTA taxes.
- (2) The maximum weekly benefit amount a qualified unemployed Louisiana worker may receive in unemployment benefits.
- (3) The formula for calculating unemployment benefits for a qualified unemployed worker based upon that worker's past wages.

Prior law provided that as the unemployment trust fund balance increases, employers taxes decrease and unemployed worker benefits increase, and as the trust fund balance decreases, employer taxes increase and unemployed worker benefits decrease. Specifically, the present chart provides:

- (1) Procedure 1 (applicable when the unemployment trust fund balance range is less than \$750,000,000) provides that the taxable wage base shall be \$8,500 and the maximum weekly benefit amount shall be \$221.
- (2) Procedure 2 (applicable when the unemployment trust fund balance range is at least \$750,000,000 but less than \$1,150,000,000) provides that the taxable wage base shall be \$7,700 and the maximum weekly benefit amount shall be \$247.
- (3) Procedure 3 (applicable when the unemployment trust fund balance range is at least \$1,150,000,000 but less than \$1,400,000,000) provides that the taxable wage base shall be \$7,000 and the maximum weekly benefit amount shall be \$258.
- (4) Procedure 4 (applicable when the unemployment trust fund balance range is greater than \$1,400,000,000) provides that the taxable wage base shall be \$7,000 and the maximum weekly benefit amount shall be \$284.

Prior law provided that the Procedure to be used for the following calendar year is to be based on the applicable fund balance range. Prior law required the Revenue Estimating Conference to meet every September to adopt its official projection of the state's unemployment trust fund balance for September first of the next calendar year and report such to the secretary of the La. Workforce Commission. Prior law then required the secretary, using the lower amount of the actual balance in the La. Unemployment Trust Fund account on September first and the amount of the balance in La. Unemployment Trust Fund projected by the Revenue Estimating Conference for the following September first and apply the Procedure associated with the appropriate balance range in the prior law chart to set the taxable wage base, the minimum weekly benefit, and formula for calculating benefits for the next calendar year.

Prior law required the secretary to apply Procedure 2 for calendar year 2021.

New law provides that notwithstanding any other provision of prior law, the secretary shall apply Procedure 2 for calendar year 2022.

Effective upon signature of the governor (June 4, 2021).

(Amends R.S. 23:1474(J))