

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **SB 10** SLS 051ES 178
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action: **w/ HSE COMM AMD**
 Sub. Bill For.:
 Proposed Amd.:

Date: November 12, 2005 12:18 PM	Author: NEVERS
Dept./Agy.: Labor	Analyst: Charley Rome
Subject: Changes in U. I. compensation benefits	

Unemployment Comp EG1 SEE FISC NOTE OF Page 1 of 1
 UNEMPLOYMENT COMP. Provides for unemployment compensation benefits (gov sig)

Present law delineates three procedures for the administrator to utilize in computing unemployment benefits based on the balance in the Unemployment Trust Fund. Proposed law requires that the fund administrator use Procedure 3 (under current law, used when the applied trust fund balance is equal to or greater than \$1.15 Billion) when determining benefits Unemployment tax rates in calendar year 2006. The proposed legislation becomes effective on January 1, 2006.

EXPENDITURES	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	\$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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	DECREASE	DECREASE	\$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

EXPENDITURE EXPLANATION

The bill would require Unemployment Insurance (UI) benefits to remain at \$258 per week. Current law would require weekly benefits to be reduced to \$221 per week based on the latest Revenue Estimating Conference estimate for the UI Trust Fund as of August 31, 2006; an effective decrease of 14.3% in UI benefits. According to the Louisiana Department of Labor, this bill would retain approximately \$10 million per quarter of benefit costs based on pre-hurricane levels. The Louisiana Department of Labor also reports that it is unable to estimate the affect of this Legislation on the UI Trust Fund balance at the time of this writing.

Expenditures from the UI Trust Fund are not appropriated by the Legislature and are not part of the state's budget.

REVENUE EXPLANATION

Current law would require the maximum dollar amount of UI taxable wages to increase from \$7,000 per year to \$8,500 per year; an effective 21.4% increase in the tax. This change would occur under current law due to the Revenue Estimating Conference's forecast of \$509 million for the UI Trust Fund as of August 31, 2006, down from \$1.5 Billion for the same date prior to the hurricanes. According to the Louisiana Department of Labor, this bill would keep UI taxes approximately \$9.5 million per quarter lower than current law would require based on not raising the UI wage base from \$7,000 to \$8,500 per year. The Louisiana Department of Labor also reports that it is unable to estimate the affect of this Legislation on the UI Trust Fund balance at the time of this writing.

Revenues to the UI Trust Fund are not appropriated by the Legislature and are not part of the state's budget.

Senate

Dual Referral Rules

House

13.5.1 >= \$500,000 Annual Fiscal Cost

6.8(F) >= \$500,000 Annual Fiscal Cost

13.5.2 >= \$500,000 Annual Tax or Fee Change

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

Gregory V. Albrecht
Gregory V. Albrecht
Chief Economist