

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 461** SLS 20RS 857
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 7, 2020 9:06 AM **Author:** REESE
Dept./Agy.: Workforce Commission **Analyst:** Tanesha Morgan
Subject: Unemployment insurance

UNEMPLOYMENT COMP OR DECREASE SD RV See Note Page 1 of 1
 Provides relative to deferral of certain unemployment insurance benefit charges and employer contributions. (gov sig)

Proposed law provides that during calendar year 2020, each employer's first, second and third quarter wage and tax reports, along with any unemployment insurance contributions pertaining thereto, shall be deferred until two months after their regular quarterly due dates. Proposed law provides that benefits paid to employees of experience-rated employers pursuant to Proclamations JBE 2020-27 and JBE 2020-29 shall not be charged against the experience rating records of a claimant's base period employer. Proposed law provides that if any federal funds are received as reimbursement for benefits paid in accordance with these proclamations and otherwise chargeable to employers pursuant to present law, such amount shall be applied toward the unemployment compensation trust fund.

EXPENDITURES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</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	\$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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</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	DECREASE	DECREASE	DECREASE	
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>	\$0
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The proposed legislation is anticipated to decrease revenue deposited into the Unemployment Insurance (UI) Trust Fund by a substantial, yet indeterminable amount.

The bill provides that UI benefits paid to employees as a result of the COVID-19 public health emergency shall not be charged against the experience rating of a claimant's employer, which results in employers not reimbursing the UI Trust Fund for claims paid. The total maximum loss of reimbursement cannot be determined at this time, given that it is dependent on several unknown variables such as when the stay at home order will be lifted and when employees return back to work. For informational purposes, as of April 2020, LWC estimates that an average of \$26 M per week in UI benefits are being paid to unemployed workers as a result of COVID-19.

The also bill provides that for the first three quarters of 2020, every employer's unemployment insurance payments are deferred for two months. In the first three quarters of FY 19, unemployment insurance collections totaled \$175.13 M. Collections typically generate 0.208% per month in interest. Based on FY 19 data, the proposed legislation would result in a loss of \$729K in interest earnings (\$175.13 M collections x 0.208% per month x 2 months).

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}

Evan Brasseaux

Evan Brasseaux
Staff Director