

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 trust fund balance for the
3 next four calendar quarters, together with projected state unemployment taxes to be collected
4 less the projected amount of unemployment benefits to be paid during the next four calendar
5 quarters, will result in a trust fund balance of less than one hundred million dollars and
6 provides that a solvency tax shall be added to an employer's state unemployment taxes for
7 the calendar quarter beginning six months after the end of the calendar quarter in which the
8 projection is made; and

9 WHEREAS, the exact amount of the solvency tax is dependent on the amount the
10 trust fund balance is projected to be below one hundred million dollars and the amount of
11 state unemployment taxes projected to be collected from employers; and

12 WHEREAS, it is anticipated that in October of 2020, the secretary of the Louisiana
13 Workforce Commission will be required to report that the projected fund balance for the next
14 four calendar quarters, together with projected state unemployment taxes to be collected less
15 the projected amount of unemployment benefits to be paid from the state's unemployment
16 trust fund during the next four calendar quarters, will result in a fund balance of less than one
17 hundred million dollars, triggering the solvency tax; and

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

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

24 BE IT FURTHER RESOLVED that this suspension shall become effective upon
25 adoption of this Resolution and shall extend through the sixtieth day after final adjournment
26 of the 2021 Regular Session of the Legislature of Louisiana.

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

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Dawn Romero Watson.

DIGEST

SCR 9 Original

2020 Second Extraordinary Session

Cortez

Suspends present law that provides that if the secretary of the Louisiana 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.

Present law further provides that the solvency tax shall be determined by the secretary of the Louisiana Workforce 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.

Present law also requires that prior to adding the solvency tax to an employer's regular unemployment taxes, the secretary of the Louisiana Workforce 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.

Proposed Resolution suspends present law and is effective through the sixtieth day following final adjournment of the 2021 R.S.

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