

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **SCR 9** SLS 202ES 96
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.: **REVISED**

Date: October 8, 2020 2:40 PM	Author: CORTEZ
Dept./Agy.: Workforce Commission	Analyst: Tanesha Morgan
Subject: Unemployment	

UNEMPLOYMENT COMP EG DECREASE SD RV See Note Page 1 of 1
 Suspends the provision of law providing for an unemployment insurance solvency tax. (Item #8 and #30)

Suspends R.S. 23:1536(E)(1) which provides for the implementation of an unemployment trust fund solvency tax. Effective through the 60th day following the 2021 Regular Legislative Session.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
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	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
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>	\$0
Annual Total			\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The proposed resolution temporarily suspends the LWC's ability to impose a solvency tax on employers until the 60th day following the 2021 Regular Legislative Session (effective August 9, 2021 - in state FY 22). Present law provides that the solvency tax is 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 at most 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
4th quarter of 2019	<u>\$25,490,000</u>	<u>\$7,647,000</u>
Total	\$205,475,000	\$61,642,500

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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