

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 70** HLS 202ES 150  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> October 12, 2020 6:39 PM	<b>Author:</b> SCHEXNAYDER
<b>Dept./Agy.:</b> Workforce Commission	<b>Analyst:</b> Tanesha Morgan
<b>Subject:</b> Unemployment	

UNEMPLOYMENT COMP EG DECREASE SD RV See Note Page 1 of 1  
 Repeals the unemployment trust fund solvency tax (Item #30)

Repeals R.S. 23:1536(E)(1) which provides for the implementation of an unemployment trust fund solvency tax.

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>	<u>\$0</u>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

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>	<u>\$0</u>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

The proposed legislation repeals the provision in law that requires LWC to impose a solvency tax on employers. 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 table 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
<u>4th quarter of 2019</u>	<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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**Staff Director**