

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



Fiscal Note On: **SCR 5** SLS 202ES 43

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> October 22, 2020 7:29 AM	<b>Author:</b> REESE
<b>Dept./Agy.:</b> Workforce Commission	<b>Analyst:</b> Tanesha Morgan
<b>Subject:</b> Unemployment	

EMPLOYMENT EN SEE FISC NOTE SD See Note Page 1 of 1  
Suspends certain provisions of law relative to unemployment tax increases and benefit reductions. (Items #8 and #30).

Suspends the provisions of R.S. 23:1474(C) and (G)(3), and (H). Effective through the 60th day following the 2021 Regular Legislative Session.

R.S. 23:1474(C): requirement that LWC shall apply a maximum UI taxable wage base, maximum weekly unemployment benefit amount, and a UI benefit calculation formula in accordance with the official projection of the UI Trust Fund adopted by REC;

R.S. 23:1474(G)(3): requirement that LWC shall determine the comparative balance and the applied trust fund balance for the UI Trust Fund; and

R.S. 23:1474(H): requirement that REC shall adopt an official projection for the UI Trust Fund balance for September 1, 2021.

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	SEE BELOW	SEE BELOW	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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	SEE BELOW	SEE BELOW	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

The fiscal note discussion assumes that suspension of the referenced statutes intends to keep the current benefit amounts and taxable wage base in place. Based on present law, if the applied trust fund balance range is below \$750 M, then the benefit formula changes and maximum weekly benefit amount falls from \$247 to \$221. Based on testimony from LWC before REC, it is anticipated that under present law the applied trust fund balance range for 2021 would be less than \$750 M and trigger the lower maximum weekly benefit amount and formula for calculation of benefits. Thus, under present law, per recipient benefit disbursements, from the trust fund would decline in the second half of FY 21 and first half of FY 22 (2021 calendar year).

The effect of the proposed resolution is assumed to be that the unemployment benefit calculation formula for a recipient and the maximum weekly unemployment benefit amount applied in calendar year 2020 shall remain the same for the calendar year beginning Jan. 1, 2021. Thus, under proposed law per recipient benefit disbursements from the trust fund would not decline in the second half of FY 21 and first half of FY 22 (2021 calendar year).

It should be noted that the unemployment trust fund is not an appropriated fund within the state budget, but is held by the U.S. Treasury in the federal Unemployment Insurance trust fund, where each state has a separate account for covering normal unemployment insurance benefits.

**REVENUE EXPLANATION**

The fiscal note discussion assumes that suspension of the referenced statutes intends to keep the current benefit amounts and taxable wage base in place. Based on present law, if the applied trust fund balance range is below \$750 M, then the taxable wage base increases from \$7,700 to \$8,500. Based on testimony from LWC before REC, it is anticipated that under present law the applied trust fund balance range for 2021 would be less than \$750 M and trigger the higher taxable wage base. For illustrative purposes, employers paid \$205.5 M in UI taxes in 2019 when the wage base was \$7,700. If the wage base had been \$8,500 in 2019, employers would have paid at most an estimated \$226.8 M in UI taxes, which is an increase of \$21.3 M.

The effect of the proposed resolution is assumed to be that the taxable wage base in calendar year 2020 (\$7,700) shall remain the same for the calendar year beginning Jan. 1, 2021. Present law defines the "taxable wage base" as the portion of wages paid by an employer to an employee in a given calendar year upon which the employer shall be liable to pay state UI taxes. Thus, per employer unemployment tax payments and receipts of the trust fund will not change in the second half of FY 21 and first half of FY 22 (2021 calendar year), as a result of a taxable wage base change.

It should be noted that the unemployment trust fund is not an appropriated fund within the state budget, but is held by the U.S. Treasury in the federal Unemployment Insurance trust fund, where each state has a separate account for covering normal unemployment insurance benefits.

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**