

UNEMPLOYMENT COMP

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

## **EXPENDITURE EXPLANATION**

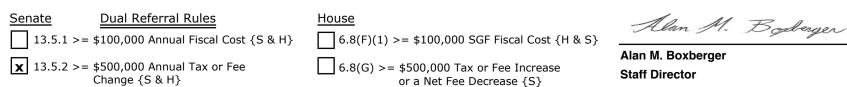
There is no anticipated direct material effect on governmental expenditures as a result of this measure.

## **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 table below:

	UI tax	Solvency
	<u>collections</u>	<u>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



or a Net Fee Decrease {S}