

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 1067** HLS 22RS 2764

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.: **HB 241**

Date: May 10, 2022	11:22 AM	Author: RISER
Dept./Agy.: LA Workforce Commission		Analyst: Prashant Sastry
Subject: Fresh Start Worker Classification Initiative		

LABOR EG INCREASE SD RV See Note Page 1 of 1
Provides relative to the Fresh Start Proper Worker Classification Initiative and the Voluntary Disclosure Program

Proposed law establishes the Louisiana Voluntary Disclosure Program as a process of reporting unemployment taxes by the Louisiana Workforce Commission (LWC) that would have been due for workers who were not classified as employees. Proposed law provides that the program authorizes taxpayers to confidentially enter into agreements and voluntarily pay taxes with no penalties. Proposed law provides that after all unemployment tax and penalties due for the look-back period have been paid, interest due shall be waived to the extent permitted by law.

Proposed law provides that the Fresh Start Proper Worker Classification Initiative is optional and provides taxpayers the opportunity to voluntarily reclassify a worker as an employee for a future tax period. Proposed law provides that an eligible taxpayer that participates in the initiative is not liable for any withholding tax or related interest and penalties with respect to any amounts paid to any workers before the date on which the taxpayer is accepted for participation in the initiative. Proposed law provides that the Louisiana Department of Revenue (LDR) shall have the authority to promulgate rules and regulations for the administration of this initiative.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	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	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	\$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. Proposed law provides relative to the Voluntary Disclosure Program, the Fresh Start Proper Worker Classification Initiative, and the Safe Harbor Program to comply with the US Department of Labor. LWC and LDR report that the proposed law will not have an impact on their expenditures.

REVENUE EXPLANATION

Proposed law may result in an indeterminable increase in penalties if violations for misclassifying employees are assessed to employers who participate in the Voluntary Disclosure Program. LWC reports that the present law provides that these penalties are deposited into the Labor-Penalty and Interest Account. The LFO assumes that the application date for the Voluntary Disclosure Program will coincide with the application date of the Fresh Start Proper Worker Classification Initiative and that applicants may apply between January 1, 2023 and December 31, 2023.

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}

Evan Brasseaux
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Interim Deputy Fiscal Officer