

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1305-01  
Bill No.: SB 318  
Subject: Business and Commerce; Taxation and Revenue-Property; State Tax Commission; Property, Real and Personal; Employees-Employers; Drugs and Controlled Substances  
Type: Original  
Date: March 7, 2005

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Unemployment Compensation Trust Fund	Unknown	Unknown	Unknown
Special Employment Security Fund	Unknown	Unknown	Unknown
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTIONS**

Officials from the **Office of State Courts Administrator**, the **Office of Administration, Division of Budget and Planning**, and **Division of Facilities Management/Design and Construction**, the **Department of Conservation**, the **Department of Public Safety, Office of the Director** and **State Highway Patrol**, and the **Department of Transportation** assume the proposal would have no fiscal impact on their organizations.

Officials from the **Department of Economic Development** did not respond to our request for information.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume this proposal would require the unemployment experience of a transferred trade or business to be transferred to the acquiring employer where there is substantially common ownership, management, or control of the two employers. The proposal also provides that an individual, organization or employing unit which knowingly violates or attempts to violate this section solely or primarily for the purpose of obtaining a lower contribution rate would be subject to civil and monetary penalties.

ASSUMPTIONS (continued)

DOLIR assumes the dumping provisions in the proposal would increase its ability to collect employer contributions due to the Unemployment Compensation Trust Fund; however, DOLIR is unable to determine the amount of the increased collections. Similarly, the agency assumes some employers would be found in violation of the proposal and subsequently assessed a monetary penalty. These penalties would be deposited in the Special Employment Security fund, but the agency is unable to estimate the amount of penalties. The economic impact on small business alone cannot be determined.

**Oversight** assumes the proposal would result in an unknown increase in revenue to the Unemployment Compensation Trust Fund and to the Special Employment Security Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>UNEMPLOYMENT COMPENSATION TRUST FUND</b>			
<u>Revenue</u> - Division of Employment Security			
Employer contributions	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT ON UNEMPLOYMENT COMPENSATION TRUST FUND</b>			
	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>SPECIAL EMPLOYMENT SECURITY FUND</b>			
<u>Revenue</u> - Division of Employment Security			
Penalties	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT ON SPECIAL EMPLOYMENT SECURITY FUND</b>			
	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact to small businesses which purchase or sell part or all of a trade or business.

DESCRIPTION

This proposal would provide criteria for workplace drug testing, payment of unemployment benefits, and transfers of experience rates between common owners.

- If an employer transfers its trade or business, or a portion thereof, to another employer and, at the time of the transfer, there is substantially common ownership, management, or control of the two employers, then the unemployment experience attributable to the transferred trade or business shall be transferred to the employer to whom such business is so transferred. The rates and liabilities of both employers shall be recalculated and made effective pursuant to this section.
- If an individual, organization, or employing unit is not an employer when it acquires the trade or business of an employer, the unemployment experience of the acquired business would not be transferred to the new employer if the division finds that such employer acquired the business solely or primarily for the purpose of obtaining a lower rate of contributions. Instead, such individual, organization, or employing unit would be assigned the applicable new employer rate.
- If an employer knowingly violates or attempts to violate this section related to determining the assignment of a contribution rate, or knowingly advises another employer in a way that results in a violation of such provision, the individual, organization, or employing unit shall be subject to penalties including increased contribution rates or a civil money penalty of not more than five thousand dollars.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of State Courts Administrator  
Office of Administration  
    Division of Budget and Planning  
    Division of Facilities Management/Design and Construction  
Department of Conservation  
Department of Public Safety  
    Office of the Director  
    State Highway Patrol  
Department of Transportation

NOT RESPONDING

**Department of Economic Development**



Mickey Wilson, CPA  
Director  
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