

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1933-01
Bill No.: SB 510
Subject: Unemployment Compensation; Boards, Commissions, Committees, Councils;
Employees-Employers
Type: Original
Date: March 16, 2005

FISCAL SUMMARY

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

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

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

FISCAL ANALYSIS

ASSUMPTIONS

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume the proposal would alter the current parameters for issuing bonds and/or commercial loans. The economic impact on small business alone cannot be determined. The fiscal impact of these provisions would depend on what, if any, actions are taken by the Board of Unemployment Fund Financing. This entity has statutory control of whether bonds/commercial loans are issued, and negotiates the terms of such issuances.

In addition, the Director of the Division of Employment Security could, if directed by the Board of Unemployment Fund Financing, calculate the assessment in a way that would grant up to a ten percent reduction for those employers who have a positive rated unemployment insurance account provided such reduction is offset by an increase for those employers who have a negative rated unemployment insurance account.

DOLIR did not provide an estimated fiscal impact for any of the provisions in the proposal.

ASSUMPTIONS (continued)

Oversight assumes the proposal would not have a direct fiscal impact on any state fund or organization. Any potential impact from bond or debt issuance would depend on action by the Board of Unemployment Fund Financing, and the proposed adjustments to contribution rates for employers with positive account balances would be offset by adjustments to contribution rates for employers with negative account balances.

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

No direct fiscal impact to small businesses would be expected as a result of this proposal.

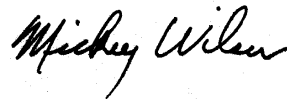
DESCRIPTION

This proposal would modify some indebtedness programs for employers. The repayment of temporary indebtedness would be extended to fifteen years. The director of the Division of Employment Security could, if directed to do so by the Board of Unemployment Fund Financing, grant up to a ten percent reduction for employers with positive experience rates equal to or less than one percent if, and only if, a similar total sum could be generated by a ten percent increase on employers with negative experience rates prior to the application of any contribution rate adjustment.

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

Department of Labor and Industrial Relations



Mickey Wilson, CPA
Director
March 16, 2005