

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0982-01
Bill No.: Perfected SB 228
Subject: Labor and Industrial Relations, Department of; Employment Security
Type: Original
Date: March 28, 2019

Bill Summary: This proposal modifies methods of service of notice under employment security laws.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Unemployment Compensation Administration Fund (0948)	\$23,169	\$49,327	\$49,756
Total Estimated Net Effect on <u>All</u> Federal Funds	\$23,169	\$49,327	\$49,756

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOLIR)** state:

Division of Employment Security (DES):

This bill amends Section 288.160 to allow assessments to be delivered using certified mail to the last known address of the employer. Previously this notice was required to be delivered by registered certified mail.

III. Cost Avoidance (Savings)	FY 2020	FY 2021	FY2022
Salaries	\$0	\$0	\$0
Fringe Benefits	\$0	\$0	\$0
Equipment and Expense	\$0	\$0	\$0
Other Sources (Postage savings)	\$44,268	\$53,652	\$54,189
TOTAL FUND SAVINGS	\$44,268	\$53,652	\$54,189
ESTIMATED NET EFFECT ON FUND	\$44,268	\$53,652	\$54,189

Currently, the price to send an assessment by certified with a return receipt is \$6.70 and \$3.45 to send an assessment by certified mail. The DES estimates that in 2017, 16,345 assessments (for both claimant and employers) were sent by certified mail with a return receipt. The cost of DES to mail the assessments was \$109,511.50. If the DES was permitted to send the assessments by certified mail this would be an estimated savings of \$53,121.25.

ITSD:

In the UInteract system, there are three kinds of correspondence, which are General, Certified and Registered. Requirement is to change the Registered correspondence to Certified; therefore, all Registered correspondences will need to be changed to a Certified correspondence in the system.

ITSD has completed the analysis of the UInteract system and identified all Registered correspondences. The analysis results were shared with Department of Employment Security management. They reviewed and agreed the Registered correspondence needs to be Certified.

ASSUMPTION (continued)

In summary, DOLIR assumes there will be a need for IT consultants (\$111 x 190.08 hours = \$21,099) for FY 2020. There will be ongoing maintenance of \$4,325 in FY 2021 and \$4,443 in FY 2022.

Officials from the **City of Kansas City, Monroe County Assessor, and City of Keytesville** both assume the proposal will have no fiscal impact on their organization.

Oversight notes that the City of Kansas City, Monroe County Assessor, and City of Keytesville have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities and counties were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
UNEMPLOYMENT COMPENSATION ADMINISTRATION FUND			
<u>Savings - DOLIR Postage</u>	<u>\$44,268</u>	<u>\$53,652</u>	<u>\$54,189</u>
<u>Cost - IT Consultants</u>	<u>(\$21,099)</u>	<u>(\$4,325)</u>	<u>(\$4,433)</u>
NET EFFECT ON UNEMPLOYMENT COMPENSATION ADMINISTRATION FUND	<u>\$23,169</u>	<u>\$49,327</u>	<u>\$49,756</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<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.

FISCAL DESCRIPTION

Under current law, the Division of Employment Security is required to send certain notices to employers personally or by registered mail to the last known principal place of business of the employer. This act modifies those provisions by requiring such notice to be served by certified mail directed to the last known address of the employer, except in the case of any notice of the assessment of contributions, interest, or penalties after an original assessment of contributions, interest, or penalties are not paid when due, in which case further notice may be sent by mail to the last known address of the employer.

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
City of Kansas City
Monroe County Assessor
City of Keytesville



Kyle Rieman
Director
March 28, 2019

Ross Strope
Assistant Director
March 28, 2019

L.R. No. 0982-01
Bill No. Perfected SB 228
Page 6 of 6
March 28, 2019

SK:LR:OD