

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3782-01
Bill No.: SB 954
Subject: Employees - Employers; Employment Security
Type: Original
Date: January 31, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None*			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0*	\$0*	\$0*

*** Does not reflect potential loss of federal administrative grants due to a possible noncompliance with federal law.**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOL)** state the proposal may not conform to Federal law. DOL state that the United States Department of Labor has informally responded to the proposed legislation and indicates a potential conformity issue exists. If Missouri's law is determined to be out of conformity with Federal standards, the consequence could be a loss of certification for Federal Unemployment Tax Act (FUTA) credits. DOL estimates that a loss of certification could cause (1) contributing Missouri employers to lose as much as \$992 million annually in FUTA credits and (2) the Division of Employment Security to lose approximately \$40 million annually in administrative funds.

Oversight assumes that any loss of federal funds would depend upon determination of a nonconformity/noncompliance by the U. S. Department of Labor and the imposition of sanctions by the U. S. Department of Labor. The likelihood of such sanctions would be speculative. For fiscal note purposes, no impact to federal funds is reflected.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0*</u>	<u>\$0*</u>	<u>\$0*</u>

*** DOES NOT REFLECT POTENTIAL LOSS OF
FEDERAL ADMINISTRATIVE GRANTS DUE TO A
POSSIBLE NONCOMPLIANCE WITH FEDERAL
LAW.**

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small business would be expected as a result of this proposal, depending upon conformity with federal law and any sanctions imposed by the U. S. Department of Labor. However, this proposal could cause an additional tax on businesses to cover Federal Unemployment Tax Act moneys that would no longer come to the state.

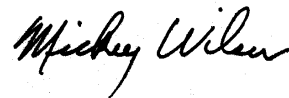
DESCRIPTION

This proposal expands the definition of "totally unemployed" in the context of employment security to include workers who have been suspended from employment, greater than 30 days, pending a final determination regarding alleged misconduct or employment status.

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
Acting Director

February 1, 2002