



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **SB 89** SLS 21RS 204

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 28, 2021	11:20 AM	Author: REESE
Dept./Agy.: Department of Labor / Workforce Commission		Analyst: Monique Appeaning
Subject: Certain Taxes and Benefits for Calendar Year 2022		

UNEMPLOYMENT COMP Page 1 of 1
 EG SEE FISC NOTE OF RV See Note
 Provides for the unemployment insurance procedure to be applied by the administrator for calendar year 2022. (gov sig)

Proposed law provides that notwithstanding any other provision of present law, the administrator shall apply Procedure 2 for calendar year 2022. This is an extension of the provisions of Act 40 of the 2020 2nd Extraordinary Session. Procedure 2, in present law, provides the formula for calculating unemployment taxes and benefits, providing that the taxable wage base shall be \$7,700 and the maximum weekly benefit amount shall be \$247, when the states Unemployment Insurance Trust Fund balance range is between \$750 M and \$1.15 B.

EXPENDITURES	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	\$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

REVENUES	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	\$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 effect on the expenditures of the Louisiana Workforce Commission (LWC) as a result on this measure. LWC reports that the proposed law will keep the current benefits amounts and taxable wage base in place. All unemployment taxes and benefits are off-budget items.

The effect of the proposed law is an extension of Act 40 of the 2020 2nd Extraordinary Session, providing that the unemployment benefit calculation formula for a recipient and the maximum weekly unemployment benefit amount applied in calendar year 2021 shall remain the same for the calendar year beginning January 1, 2022. Thus, under proposed law the per recipient benefit disbursements from the trust fund would not decline in the second half of FY 22 and first half of FY 23 (2022 calendar year). Absent such an extension, and absent the Unemployment Insurance Trust Fund having a balance in excess of \$750 M at the beginning of 2022, the maximum weekly unemployment benefit would fall from \$247 to \$221.

The Unemployment Insurance Trust Fund is not an appropriated fund within the state budget, but is held by the U.S. Treasury in the federal Unemployment Insurance Trust, where each state has a separate account to cover normal unemployment insurance benefits. *For informational purposes, the state's Unemployment Insurance Trust Fund balance is depleted as of 4/17/21 and the state owes \$179.8 M to repay funds borrowed to make unemployment benefit payments.*

REVENUE EXPLANATION

LWC reports that the effect of the proposed law is that the taxable wage base in calendar year 2021 will remain the same for calendar year beginning January 1, 2022. The Unemployment Insurance Trust Fund is not an appropriated fund within the state budget, but is held by the U.S. Treasury in the federal Unemployment Insurance Trust, where each state has a separate account to cover normal unemployment insurance benefits. There is no impact on the revenue of the agency.

Based on present law, if the applied Unemployment Insurance Trust Fund balance is below \$750 M beginning on January 1, 2022, then the taxable wage base increases from \$7,700 to \$8,500. The effect of the proposed law is that the taxable wage base in calendar year 2021 (\$7,700) shall remain the same for the calendar year beginning January 1, 2022, regardless of the balance in the state's Unemployment Insurance Trust Fund. Present law defines the "taxable wage base" as the portion of wages paid by an employer to an employee in a given calendar year upon which the employer shall be liable to pay state Unemployment Insurance taxes. Thus, per employer unemployment insurance tax payments and receipts of the trust fund will not change in the second half of FY 22 and first half of FY 23 (2022 calendar year) as a result of a taxable wage base change. The Unemployment Insurance Trust Fund is not an appropriated fund within the state budget, but is held by the U.S. Treasury in the federal Unemployment Insurance Trust.

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}

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