

FISCAL NOTE
Requested by Legislative Council
12/21/2012

Bill/Resolution No.: SB 2100

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures		\$4,160,000		\$1,000		
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Financial impacts of SB 2100 Computer programming changes: \$1000 Employer tax rate: Using the most recent lockout in ND, benefit costs would have been \$4.16 million. This would have resulted in a .06% tax rate increase for all ND employers, equating to a tax increase of \$16.74 per employee.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Information for fiscal note – SB 2100 Two financial impacts arise as a result of the language within SB 2100: 1. Computer programming changes - \$1000.00 a. The change to computer programming relates to the addition of eligibility questions within the Unemployment Insurance claims intake system, specifically within the Job Service North Dakota web-based application and IVR. Subsequently, electronic workflow changes would be required within these same systems. 2. Employer tax rate impact – Amount will vary based upon lockout size, duration of lockout, total statewide taxable wages and a variety of other inputs. For example, the most recent lockout that occurred in ND would have resulted in benefit payments of approximately \$4.16 million. At this rate of payment the 2012 average tax rate of all North Dakota employers would have increased by approximately 0.06%, or \$16.74 per employee of the employer. Further detail explaining the impact upon tax rates follows. Because lock outs are very rare, the most recent lock out at American Crystal Sugar is the most logical source of information to demonstrate cost. Although information relating to individual unemployment insurance claims is not public information, and typically cannot be shared by Job Service, there has been enough information made public relating to this situation that some general estimates of costs can be provided by Job Service as it relates to this labor dispute. Assuming that 400 workers file claims for unemployment insurance as a result of the lock out, we can make some estimates as to impacts. If each worker qualified for a weekly benefit amount of \$400, and if the lockout were to extend to 26 weeks, the maximum number of weeks of benefits available, the benefit payments made would amount to \$4,160,000. While these benefits are ultimately charged back to the employer who locked the workers out, very few employers have a reserve of this amount built up within their unemployment insurance account with Job Service. What this means is that the employer will probably move to a negative balance status. Negative employers are those employers who have paid in less in tax contributions than has been paid out in benefits to their employees. Having negative employers within our system has a couple of impacts. The first impact is that the tax rate assigned to the employer increases in order to recover the funds paid out. The second impact is that because even the highest tax rate will not pull the employer out of the negative status immediately, all employers within the state will receive a higher tax rate to account for the drawdown of the unemployment insurance trust fund.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*
- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Computer programming changes - \$1000.00 The change to computer programming relates to the addition of eligibility questions within the Unemployment Insurance claims intake system, specifically within the Job Service North Dakota web-based application and IVR. Subsequently, electronic workflow changes would be required within these same systems.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name: Darren Brostrom

Agency: Job Service North Dakota

Telephone: 701-328-2843

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