

FISCAL NOTE

Requested by Legislative Council
01/03/2003

Bill/Resolution No.: HB 1097

1A. **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.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This Bill will not have any effect on the Agency's appropriations, or on the level of revenue available to fund Agency operations or general State expenses. It could, however, have a small negative impact on the Unemployment Insurance Trust Fund. Based on recent (calendar year 2002) history, 141 businesses would have their delinquency-based assigned rate lowered from 10.09% of taxable wages to 6.49% of taxable wages. Attachment A represents a projection of the impact to the UI Trust Fund, based on that figure and recent taxable wage histories for that class of employer. The projected impact would be \$178,000 per year in reduced income to the Trust Fund.

Under current law, any delinquent employer who doesn't remedy that delinquency during the last quarter of the calendar year is assigned the "negative employer maximum rate" (10.09%) for the following calendar year. This Bill would change that law to assign the negative employer minimum rate (6.49%) to two classes of employers - delinquent positive rated employers and new positive non-construction employers. The assignment of a lower rate to those two classes of delinquent employers could result in those employers paying less into the Trust Fund during the following calendar year.

Attachment A

HB 1097 fiscal note

Active and Inactive accounts (no Out of Business) with delinquent rates for 2003 (194):

POS NEG

o Rate Code 4 (Eligible/Delinquent)	116	
o Rate Code 6 (Eligible/Neg Reserve/Delinquent)	22	
o Rate Code 7 (Ineligible/Delinquent)	25	30 (all "0" reserve)
o Rate Code 8 (Ineligible/ Neg Reserve/Delinquent)	1	

Taxable wages for:

Rate Code 4	\$ 4,679,761.35
Rate Code 7 (1/2)	\$ 270,834.97
Total	\$ 4,950,596.32

Difference between 10.09% and 6.49% = 3.60%

$\$4,950,596.32 \times 3.60\% = \$ 178,221.47$ (impact on UI 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.*

See the first paragraph under 2. Narrative

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.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

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Agency: Job Service
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