

HCS HB 500 & 533 -- TRANSFER OF EMPLOYER ACCOUNTS

SPONSOR: Hunter (Smith, 118)

COMMITTEE ACTION: Voted "do pass" by the Committee on Workforce Development and Workplace Safety by a vote of 12 to 0.

This substitute requires that the unemployment experience rate transfer with a business if both employers involved in the transfer have substantially common ownership, management, or control of the business and the transfer was made to lower the rating. The rate and liabilities of both employers will be recalculated. The rate does not transfer with the business if the employer acquiring the business is not an employer in the state at the time of the acquisition.

If an employer knowingly violates, attempts to violate, or knowingly advises another in a manner that results in a violation of the provisions relating to the determination of an unemployment experience rate, the employer's rate will be the greater of the maximum rate or the employer's rate plus 2% for the current year and the following three rate years.

Out-of-state employers will be subject to a civil penalty of up to \$5,000 that will be deposited into the Special Employment Security Fund. A person violating any provision relating to the unemployment experience rating is guilty of a class A misdemeanor for the first offense and a class D felony for any subsequent offense.

FISCAL NOTE: No impact on General Revenue Fund in FY 2006, FY 2007, and FY 2008. Estimated Income on Other State Funds of Unknown in FY 2006, FY 2007, and FY 2008. Expected to exceed \$100,000.

PROPOSERS: Supporters say that the current law allows unscrupulous employers to fix their experience rating for the purpose of lowering their workers' compensation insurance costs. The bill is federally mandated and if not passed this session could cost the employers of the state \$990 million in lost Federal Unemployment Tax Act tax credits and \$7 million in grants.

Testifying for the bill were Representatives Smith (118) and Faith; Department of Labor and Industrial Relations; Missouri Chamber of Commerce and Industry; and Associated Industries of Missouri.

OPPOSERS: There was no opposition voiced to the committee.

Roland Tackett, Legislative Analyst