

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2285-01
Bill No.: HB 929
Subject: Employment Security; Labor and Industrial Relations Department
Type: Original
Date: March 11, 2009

Bill Summary: This proposal modifies provisions relating to unemployment compensation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Unemployment Compensation Trust Fund	\$95,310	\$95,310	\$95,310
Total Estimated Net Effect on <u>All</u> Federal Funds	\$95,310	\$95,310	\$95,310

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Labor and Industrial Relations (DOLIR)** assume this proposed language would reduce from "250 or more" to "50 or more" the number of workers which require an employer to file their quarterly and wage report electronically in a format prescribed by the division. This change would allow DOLIR to process wage information for workers who are potential claimants more accurately and in less time. By having more workers' wage records submitted electronically, DOLIR will save on data entry costs. For the quarter ending December 31, 2008, it is estimated 2,145 employers fall within the 50 to 250 employee range with 203,576 wage items at an estimated cost of \$0.035 per wage item. The data entry costs for one quarter is estimated to be \$7,125. Annually this would be \$28,500.

Additionally, this proposed language would allow DOLIR to be able to serve assessments more cost effectively and file certificates of assessments in a manner similar to that used by the Department of Revenue. If an employer or an unemployment benefit claimant owes DOLIR a debt, then DOLIR could serve the assessment by certified or registered mail on the debtor and file a certificate of assessment with the recorder of deeds in the county of residence. It is estimated that DOLIR issues 25,500 certificates of assessments annually. The current cost to mail an assessment is \$5.32. The cost to mail an assessment under the proposed law change is \$2.70. The estimated annual savings is \$66,810.

Officials at the **Office of Administration, Missouri Department of Transportation, Missouri Department of Conservation, Department of Insurance, Financial Institutions and Professional Registration** and the **Office of the State Treasurer** assume that there is no fiscal impact from this proposal.

Officials at the **Office of the Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
UNEMPLOYMENT COMPENSATION TRUST FUND			
<u>Savings - DOLIR</u>			
data entry and mailing costs	<u>\$95,310</u>	<u>\$95,310</u>	<u>\$95,310</u>
ESTIMATED NET EFFECT ON UNEMPLOYMENT COMPENSATION TRUST FUND			
	<u>\$95,310</u>	<u>\$95,310</u>	<u>\$95,310</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The impact to businesses is unknown.

FISCAL DESCRIPTION

This bill changes the laws regarding unemployment compensation. The requirement that employers with 250 or more employee must file their quarterly wage report electronically by magnetic media or the Internet is changed to require employers with 50 or more employees to file in that manner.

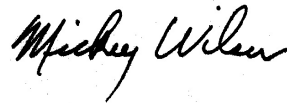
The Division of Employment Security within the Department of Labor and Industrial Relations is authorized additional options to collect unpaid contributions, interest, or penalties from an employer imposed under the Unemployment Compensation Law. The division may serve the employer a notice of assessment for these amounts by certified or registered mail and may file a certificate of lien for their payment with the recorder of deeds in the county in which the employer owns property or has a place of business.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Office of Administration
Missouri Department of Conservation
Office of the Attorney General
Missouri Department of Transportation
Office of the State Treasurer
Department of Insurance, Financial Institutions and Professional Registration

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, prominent "M" and "W".

Mickey Wilson, CPA
Director
March 11, 2009