

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		\$109,044		\$186,722
FEDERAL FUNDS	\$91,163		\$38,272	
OTHER FUNDS		(\$157,085)		(\$995,683)
TOTAL FUNDS	\$91,163	(\$48,041)	\$38,272	(\$808,961)

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 631 amends the Employment Security Law to update and clarify language; provide new priorities for the use of a fund; eliminate a board and a council, provide duties for the Labor Commissioner; provide for electronic payment; limit positive balance employers to certain tax rate categories; and allow the intercept of federal income tax refunds.

The bill would establish three new uses of the Nebraska Training and Support Trust Fund: recruitment of workers to Nebraska; training new employees of expanding Nebraska businesses; and paying the costs of creating a new web portal for the attraction of businesses and workers to Nebraska.

LB 631 eliminates the Nebraska Worker Training Board and gives the duties and responsibilities of the Board to the Labor Commissioner. The bill also eliminates the state advisory council created in Section 48-610 by outright repeal of the section. The advisory board's purpose was to advise the Commissioner on carrying out the purposes of the Employment Security Law.

The bill changes the Commissioner's ability to require employers to submit electronic payment of combined tax returns, quarterly wage reports, and reimbursements, respectively, if their annual payroll equaled or exceeded \$100,000 in either of the two preceding calendar years; the current threshold is \$500,000. These provisions are to take effect for tax years beginning on or after January 1, 2010.

The bill amends Section 48-649 to provide that no employer with a positive experience account balance shall be assigned to category 20. This refers to the rate categories with the corresponding experience factor that determine combined tax rates.

LB 631 allows the recovery of delinquent employer contributions, interest and penalties through the intercept of a person's personal income tax refund. It also allows the recovery of fraud overpayments of benefits through the intercept of a person's personal income tax refund.

The Department of Labor estimates the fiscal impact to Other Funds (Unemployment Insurance Trust Fund) as a decrease of \$157,085 and \$995,683 in FY2009-10 and FY2010-11 respectively. This net decrease is a result of an increase in revenue of \$987,291 in both fiscal years from the intercept of personal federal income tax refunds and a decrease of \$1,144,376 in FY2009-10 and \$1,982,974 in FY2010-11 from moving the positive balance employers from combined tax rate category 20 to category 1-19.

The Cash Fund increase is the result of interest on the SUIT (State Unemployment Insurance Tax) and NTST (Nebraska Training and Support Tax) accounts.

The Department also indicates that the estimated expenditure is for staff salary and benefits with some operational funds and can be absorbed within the current appropriated budget.

There is no basis to disagree with the Department of Labor's estimate of fiscal impact.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS			
DEPARTMENT OF ECONOMIC DEVELOPMENT: Agree with estimate of impact. DEPARTMENT OF LABOR – WORKFORCE DEVELOPMENT: Agree with agency's estimate of impact.			