

STORAGE NAME: h0617a.bdt

DATE: February 22, 2000

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
BUSINESS DEVELOPMENT & INTERNATIONAL TRADE
ANALYSIS**

BILL #: HB 617

RELATING TO: Unemployment Compensation/Base Period

SPONSOR(S): Representative Logan and others

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) BUSINESS DEVELOPMENT & INTERNATIONAL TRADE YEAS 8 NAYS 0
 - (2) INSURANCE
 - (3) FINANCE & TAXATION
 - (4) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS
 - (5)
-

I. SUMMARY:

The bill would create an "alternative base period" for individuals with benefit years beginning after January 1, 2001, who do not qualify monetarily under the standard base period.

The estimated fiscal impact of this bill is (\$2,250,000) for FY 2000-2001.

The bill does not address the issue of rulemaking.

The bill would take effect October 1, 2000.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|-----------------------------------------|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

To establish eligibility for unemployment compensation benefits, an individual must have earned wages during at least two calendar quarters of a one year period. Section 443.036(7), Florida Statutes, defines the term "base period" as the first four of the last five completed calendar quarters immediately preceding the first day of an individual's benefit year. The fifth or lag quarter, which is the most recent completed calendar quarter prior to the filing date of claim, is not used in determining monetary eligibility because the division lacks the necessary wage data.

Currently, base period wages used in determining the amount of benefits that may be paid to a worker are established primarily through the wage data furnished by employers on a quarterly basis. Employers have until the last day of the month following the end of a calendar quarter to submit their quarterly wage and tax reports. The division requires the following two-month period to process the 378,000 employer reports and input the information into its database in preparation for claims which will be filed beginning the next quarter.

For example, employer reports for the fourth quarter of a calendar year are due by the end of January. The division requires two months to process the information and enter the wage data, a process which is not considered complete until the end of March. The earliest filing date for a claim that can incorporate wages an individual earned during the fourth quarter of the previous year is April 1.

Because the lag quarter is not used in the benefit computation, some seasonal workers or short-term members of the labor market may not be able to establish their monetary eligibility for benefits.

C. EFFECT OF PROPOSED CHANGES:

For new claims filed after January 1, 2001, the bill would require the Division of Unemployment Compensation of the Department of Labor and Employment Security to designate an alternative base period for individuals who are not monetarily eligible for benefits using the standard base period. The bill would define the term "alternative base period" as the last four completed calendar quarters immediately preceding the individual's benefit year.

Wages used in determining eligibility pursuant to this cannot be used to establish monetary eligibility in any succeeding benefit year. If the necessary wage information is not available to the division through employers' regular quarterly reports, the division would be required to request the information from the employer. The employer would have ten days to respond to the division's request for the information.

D. SECTION-BY-SECTION ANALYSIS:

This section need be completed only in the discretion of the Committee.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

N/A

2. Expenditures:

	<u>FY 2000-01</u>	<u>FY 2001-02</u>
Nonrecurring		
Employment Security Administration Trust Fund	(\$250,000)	
Recurring		
Unemployment Compensation Trust Fund	(\$2,000,000)	(\$4,000,000)
Employment Security Administration Trust Fund 10 FTE's	<u>(\$250,000)</u>	<u>(\$450,000)</u>
Total	(\$2,500,000)	(\$4,450,000)

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

The Revenue Estimating Conference has yet to review this bill.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT & INTERNATIONAL TRADE:

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