

FISCAL NOTE

Requested by Legislative Council
01/18/2001

Bill/Resolution No.: HB 1319

Amendment to:

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.*

| | 1999-2001 Biennium | | 2001-2003 Biennium | | 2003-2005 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.*

| 1999-2001 Biennium | | | 2001-2003 Biennium | | | 2003-2005 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 allow new corporations and Limited Liability Companies (LLC) to exclude corporate officers or LLC managers, respectively, with 25 percent or more ownership interest sooner than under current statute. Rather than wait until the next January, the exclusion can occur within sixty days of the formation of the corporation or LLC. The only impact on the fund will be the amount of contributions that could be collected from the wages of these corporate officer or LLC managers during the period from formation through December of that year.

Although data does not exist to calculate a specific amount, following is a scenario using the assumptions indicated below:

Approximately 500-600 new corporations and/or limited liability companies, that are not successors to accounts, become liable for Unemployment Insurance coverage each year. Assuming:

- 1) Twelve percent of these are in the construction industry (2001 maximum rate 10.09%) and others are in non-construction (2001 new employer rate 2.08%).
- 2) Each corporation or LLC has one officer or manager that draws a wage.
- 3) Each officer and/or manager earns wages up to half of the taxable base for the year, which is \$8,500 (taxable wage for 2001 is \$17,000).

Then, the maximum reduction in contributions to the Unemployment Insurance Trust Fund per biennium would be \$129,000 to \$158,000.

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.*

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 North Dakota
Date 01/23/2001
Prepared: