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FISCAL IMPACT REPORT

SPONSOR Silva **DATE TYPED** 2/12/2005 **HB** 426/aHLHRC

SHORT TITLE Late Wager Report and Tax Filing Penalties **SB** _____

ANALYST Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	\$ 345.0	\$ 345.0	Recurring	Penalty and Interest Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Department of Labor (DOL)

SUMMARY

Synopsis of HLHRC Amendment

House Labor and Human Resources Committee Amendment to House Bill 426 allows for other programs in DOL to use unemployment compensation penalty and interest funds which were collected for late filing of wage reports and late payment of taxes. The previous language directed these funds for the administration of the unemployment insurance program. In FY04 the LFC recommended modifying the statute to allow the Labor and Industrial and Human Rights divisions the use of the penalty and interest fund.

Synopsis of Original Bill

House Bill 426 increases the penalty for late filing of a quarterly unemployment compensation report from \$50 to \$75. Additionally, the bill increases the rate of interest on late payment of unemployment compensation contributions to 1.5 percent, up from 1 percent. Money in the fund may be spent only for administration of the unemployment insurance program.

This bill is the result of the Governor's performance review recommendations.

Significant Issues

According to DOL the implementation of this bill may cause employers to submit their contribution reports and unemployment tax timely, reducing administrative burden on the Department via collection efforts.

FISCAL IMPLICATIONS

It is estimated that the changes will generate an additional \$345,000 annually in the Department's penalty and interest fund.

ADMINISTRATIVE IMPLICATIONS

The increase of penalties and interest will ease the workload of the administrators due to the fact that New Mexico employers may submit their contribution report and tax timely.

WB/sb:lg:yr