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FISCAL IMPACT REPORT

	ORIGINAL DATE 2-7-06		LAST UPDATED 2/12/06	HB 483
SPONSOR	Stewart			
	CREATE UNEMPLOYMENT INSURANCE TASK			
SHORT TITLE	FORCE	SB		
				ANALYST Lucero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
\$10.0		Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Labor Department (LD)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 483 appropriates \$10.0 from the general fund to the Legislative Council Service to create an unemployment insurance task force to examine the existing program of unemployment insurance New Mexico. The task force will examine:

- 1) The requirements of federal law,
- 2) The adequacy of the contribution levels for employers,
- 3) The reasonableness of the statutory structure for adjusting contribution levels,
- 4) The adequacy of existing benefits and alternatives to expand and improve upon those benefits
- 5) The actuarial soundness of the unemployment compensation fund and alternatives for reimbursing or crediting excess amounts to employers.

The task force will report its findings and recommendations to the first session of the forty-eighth legislature no later than December 31, 2006.

House Bill 483 appropriates \$10.0 from the general fund to the Legislative Council Service for the purpose of paying per diem and mileage and other expenses of the unemployment insurance task force.

FISCAL IMPLICATIONS

The (multi-year) appropriation of \$10.0 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

This bill declares an emergency for the public peace, health and safety.

SIGNIFICANT ISSUES

The Office of Workforce Training and Development (OWTD) is not included in the task force. OWTD should be involved in the discussion of “adequacy of existing benefits and alternatives to expand and improve upon those benefits”. Perhaps in lieu of a cash benefit, the unemployed can receive job training.

Employer taxes affect the overall business climate of the state. The Economic Development Department (EDD) should be a member of the task force.

The task force does not include a labor representative from the Native American Tribes.

ADMINISTRATIVE IMPLICATIONS

\$10.0 is appropriated from the general fund to the Legislative Council Service for the purpose of paying per diem and mileage and other expenses of the unemployment insurance task force.

The cost of running special reports, programming, and actuarial analysis may require more than \$10.0.

TECHNICAL ISSUES

The Department of Labor would also request that a member of the U.S. Department of Labor be involved in this task force as well. This is a federal program, which requires federal conformity.

A 2005 legislative bill to create an unemployment insurance task force bill was vetoed last session.

OTHER SUBSTANTIVE ISSUES

Employers in New Mexico face a myriad of regulations governing the workplace, many of which unnecessarily drive up the cost of doing business. Most all employers support safe working conditions and programs that protect their employees. However, workforce legislation concerning workers' compensation, unemployment insurance, and minimum wage increases hampers the ability of employers to expand their workforce or re-invest in their businesses. This is an economic development issue.

ALTERNATIVES

The Labor Secretary can call for and convene a task force at any time to accomplish the same thing called for in this bill. The Secretary of Labor has expressed his willingness to convene such a taskforce during the spring of 2006.

DL/mt