

STATEMENT OF PURPOSE

RS25718

Amends Section 72-1350, Idaho Code, to reduce the taxable wage rate used for determining employers' unemployment insurance taxes by adjusting the unemployment fund size multiplier downward. This bill will result in a substantial net tax savings to Idaho's covered employers.

FISCAL NOTE

Lowering unemployment insurance taxes paid by businesses will have no fiscal impact on the State General Fund.

Adjusting the unemployment fund size multiplier for calculating unemployment insurance taxes will result in \$115 million in tax savings for employers over the next three years and leave the trust fund at an acceptable level of solvency. For most employers the change will reduce their unemployment taxes by 30 percent over three years starting in 2018.

Adjusting the unemployment fund size multiplier will also reduce training tax collections to the Workforce Development Training Fund by \$3.6 million over three years starting in 2018.

Passage of this bill and making it retroactive to January 1, 2018 will have no impact on the State General Fund, but the Idaho Department of Labor will incur \$74,820 in additional costs for implementation due to the need to re-process the tax notices and additional mailing costs. Passage of this bill by February 28 will prevent the need for the state/Idaho Department of Labor to issue employer unemployment insurance tax credits for payments made during the first quarter of 2018 and allow Idaho businesses sufficient time to re-program their accounting and payroll systems.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).