

FISCAL NOTE
Requested by Legislative Council
02/16/2017

Amendment to: SB 2311

- 1 A. **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.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$11,565	\$0	\$49,151	\$0	\$41,634
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The bill allows cities and counties to assign liability for unemployment insurance large construction projects to up to 5 general or prime contractors. Other project owners are limited to one bond assignment. Fiscal costs are associated with the administration of the additional bonding procedures.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Each of the three sections of the bill affect the fiscal impact of the bill. Section 1 provides the primary basis for the fiscal impact. The impact within this section is that it provides for an expansion of bonding from one to five general or prime contractors. This expansion requires additional administrative activities related to the additional bonding. Section 2 provides for a retroactive period that does not increase the overall fiscal impact but provides for a fiscal impact beginning in the 2015-2017 biennium. Section 3 provides for an emergency clause that further clarifies that administrative activities surrounding this bill will begin within the 2015-2017 biennium. Section 3 does not increase the overall fiscal impact, but provides for immediate expenditures.

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.*

No additional revenues will be received as a result of this bill.

- 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.*

All expenditures noted will come from the federal funds appropriated to Job Service by the United States Department of Labor, Job Service receives no state general fund or other state funds to administer the Unemployment Insurance Program. As a result, all expenditures are noted as "Other Funds". The expenditures result from the additional administrative activities related to the additional bonding provided for within the bill. By

expanding the bonding to up to five general or prime contractors, 144 hours of additional Job Service administrative work will occur for each city/county construction project exceeding \$50 million in costs. There is an assumption that approximately two of these types of projects will occur each year. In order to calculate the costs, each activity associated with bonding was reviewed and the hours associated with each activity was calculated to the hour. These hours were then multiplied by the hourly rate of staff working on these activities. The 2015-2017 biennium expenditures also include 80 hours for process and procedure development, implementation, and training/education of staff and political subdivision staff. It should be noted that Job Service will not receive any additional funding for these activities. As a result, the additional administrative time associated with this bill will likely provide a negative impact on other facets of the administration of the Unemployment Insurance program. Job Service will work to prioritize work and reduce any impacts, but without additional staff or funds to administer the expansion provided for within the bill, staff will be pulled from other activities to administer the bonding requirements. The impact is expected to be in the timeliness of services provided and the availability of staff to assist employers with other activities.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

As a federally funded program, the Unemployment Insurance program will not receive any additional appropriation related to the administration of this expansion of the large construction project bonding program.

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