

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 09-0538  
**Prime Sponsor(s):** Sen. Heath  
 Rep. Court

**Date:** January 22, 2009  
**Bill Status:** Senate Business, Labor & Technology  
**Fiscal Analyst:** Clare Pramuk (303-866-2677)

**TITLE:** CONCERNING THE APPROPRIATION OF EMPLOYER TAX SURCHARGE MONEYS TO THE EMPLOYMENT AND TRAINING TECHNOLOGY FUND FOR USE BY THE DIVISION OF EMPLOYMENT AND TRAINING WITHIN THE DEPARTMENT OF LABOR AND EMPLOYMENT.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011
<b>State Revenue</b>	\$0	\$0
<b>State Transfers or Diversions</b> Diversion from the Unemployment Compensation Trust Fund to the Employment and Training Technology Fund	(\$9,300,000)	(\$9,500,000)
<b>State Expenditures</b> Cash Funds Employment and Training Technology Fund	\$9,300,000	\$9,500,000
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>Effective Date:</b> July 1, 2009.		
<b>Appropriation Summary for FY 2009-2010:</b> None required.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

This bill creates the Employment and Training Technology (Technology) Fund for automation initiatives at the Department of Labor and Employment. It diverts 20 percent of employer surcharge taxes to the Technology Fund which reduces to 30 percent the amount of taxes deposited into the Unemployment Compensation Trust (Trust) Fund. If the balance of the Trust Fund falls below \$25 million, the executive director may transfer money to it from the Technology Fund. Moneys in the Technology Fund are subject to annual appropriation by the General Assembly and do not revert to the General Fund or any other fund at the end of any fiscal year. The moneys in the Technology Fund are not subject to the statutory limit on uncommitted reserve funds.

## **Background**

The Technology Fund is proposed as a savings account for future department technology projects. An audit of the department's existing technology resources determined that the department needs \$75 million to pay for the replacement of its aging computer systems. The department will not have the authority to spend the money in the fund until it goes through the normal planning and approval process with the Office of Information Technology and the General Assembly approves the spending.

## **State Transfers or Diversions**

Approximately \$9.3 million of surcharge tax revenue will be diverted from the Trust Fund to the Technology Fund in FY 2009-10 and approximately \$9.5 million will be diverted in FY 2010-11. The actual amount of the diversion will depend on the amount of taxes collected.

## **State Revenue**

This bill does not increase revenue from the employer surcharge tax but changes the allocation of the taxes received. The fiscal note assumes that the interest rate earned on both funds will be the same so the decrease in interest on the Trust Fund will match the interest earned on the Technology Fund yielding no net change.

## **State Expenditures**

The diversions from the Trust Fund of \$9,300,000 in FY 2009-10 and \$9,500,000 in FY 2010-11 to the Technology Fund will not be expended in FY 2009-10.

## **Departments Contacted**

Labor and Employment

Legislative Council Staff