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FISCAL IMPACT REPORT

SPONSOR Altamirano DATE TYPED 2/9/2005 HB _____

SHORT TITLE Late Wage Report and Tax Filing Penalties SB 348

ANALYST Dunbar

APPROPRIATION

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

(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)

Duplicates HB 426

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Labor (DOL)

Attorney General Office (AGO)

SUMMARY

Synopsis of Bill

Senate Bill 348 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.

TECHNICAL ISSUES

AG observes that New Mexico law and administrative code do not provide a definition for the term "Unemployment Insurance Program." Should it be defined? Additionally, the bill restricts the use of the "employment security department fund" to costs for the "unemployment insurance program." Why not change the name of the Fund to the "unemployment insurance program department fund" for clarity?

BD/yr/njw