COMMITTEE REPORT

April 6, 2011

**H. 3762**

Introduced by Reps. Cooper, White, Bowen, Gambrell, Thayer, Sandifer, D.C. Moss and McLeod

S. Printed 4/6/11--H.

Read the first time March 1, 2011.

**THE COMMITTEE ON WAYS AND MEANS**

To whom was referred a Bill (H. 3762) to amend Section 41‑31‑45, Code of Laws of South Carolina, 1976, relating to the Unemployment Insurance Trust Fund, so as to provide that in a year, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

DANIEL T. COOPER for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

$0 (No additional expenditures or savings are expected)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

See Below

**EXPLANATION OF IMPACT:**

Enactment of this bill will have no impact on the departments operating expenditures.

**SPECIAL NOTES:**

The Department of Employment and Workforce (DEW) indicates that extending the outstanding loan repayment will increase overall interest payments owed the federal government. Instead of paying back in 5 years at an interest cost of approximately $109 million (assuming an average interest rate of 4.09%), DEW will be paying approximately $185 million (assuming same average interest rate of 4.09%).

*Approved By:*

Harry Bell

Office of State Budget

**A** **BILL**

TO AMEND SECTION 41‑31‑45, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE UNEMPLOYMENT INSURANCE TRUST FUND, SO AS TO PROVIDE THAT IN A YEAR IN WHICH THE FUND IS IN DEBT STATUS, THE DEPARTMENT OF EMPLOYMENT AND WORKFORCE, AMONGST OTHER ESTIMATES, MUST ESTIMATE THE AMOUNT OF INCOME NECESSARY TO REPAY ALL OUTSTANDING FEDERAL LOANS WITHIN EIGHT YEARS.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 41‑31‑45(B) of the 1976 Code, as added by Act 234 of 2010, is amended to read:

“(B) For each calendar year during which the state Unemployment Insurance Trust Fund is in debt status, the department must estimate the amount of income necessary to pay benefits for that year, the amount of income necessary to avoid automatic FUTA credit reductions, and an amount of income necessary to repay all outstanding federal loans within ~~five~~ eight years. Additional estimates of interest costs shall be determined concurrently.

(1) Estimates of the revenue needed to pay benefits will be based on Congressional Budget Office projections for the subsequent calendar year’s total unemployment rate. This total unemployment rate will be adjusted for South Carolina based on the historic relationship between the unemployment rate in South Carolina and the national unemployment rate calculated from 1980 to present.

(2) The historic relationship, calculated from 1980 to present, between the total unemployment rate and the insured unemployment rate in South Carolina will be used to adjust the projected total unemployment rate to the rate of insured unemployment.

(3) Estimates of forecasted benefits will be based upon the prior three year average of the annual number of weeks compensated multiplied by an estimate of the average weekly benefit for the next year.

(4) Estimates of amounts to pay to avoid FUTA credit reductions and amount of repayments on the loan will be projected through consultation with officials at the US Department of Labor.”

SECTION 2. This act takes effect upon approval by the Governor.

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