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FISCAL IMPACT STATEMENT

LS 7473

BILL NUMBER: SB 477

NOTE PREPARED: Mar 23, 2009

BILL AMENDED: Mar 19, 2009

SUBJECT: Department of Workforce Development Collections.

FIRST AUTHOR: Sen. Kruse

FIRST SPONSOR: Rep. Niezgodski

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill authorizes the Department of Workforce Development (DWD) or its agent to collect delinquent unemployment insurance assessments and benefit overpayments after filing a judgment lien for the amount due. It limits the use of certain collection methods to individuals whose overpayment of unemployment insurance benefits occurred as the result of fraud. The bill authorizes collection of a judgment lien by taking any of the following actions:

1. Levy upon property held by a financial institution.
2. Garnishment.
3. Levy and sale of real or personal property.
4. Use of a data match system with financial institutions.

The bill authorizes the DWD to employ special counsel or contract with a collection agency and to set the fee that the counsel or agency receives. It adds collection fees to the judgment lien amount.

The bill lengthens from one to three years the time in which the DWD may begin a collection action against an officer or director of a corporation or a member of a limited liability company or partnership effecting a dissolution, liquidation, or withdrawal.

The bill establishes civil penalties that may be assessed against a financial institution that fails to provide information required for a data match system.

The bill also provides immunity for a person or entity taking an action in good faith to collect unemployment insurance assessments unless the action is contrary to the DWD's direction to the person or entity.

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues: The bill should increase revenue for the Unemployment Insurance Fund. The amount of the increase would depend on the collection of delinquent unemployment insurance assessments.

Background: The fund paid \$785.8 M in benefits and received revenue of \$582.1 M in FY 2008. At the end of February 2009, the balance in the fund was about \$23.1 M. As of March 17, 2009, the state had borrowed about \$575.9 M from the federal government to pay unemployment insurance benefits.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DWD.

Local Agencies Affected:

Information Sources: U.S. Department of Labor.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.