

Department of Planning and Budget 2005 Fiscal Impact Statement

1. Bill Number SB1201

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|------------------------|---------------------------------------|-------------------------------------|--|
| House of Origin | <input type="checkbox"/> Introduced | <input type="checkbox"/> Substitute | <input type="checkbox"/> Engrossed |
| Second House | <input type="checkbox"/> In Committee | <input type="checkbox"/> Substitute | <input checked="" type="checkbox"/> Enrolled |

2. Patron Miller

3. Committee Passed Both Houses

4. Title Unemployment compensation; state unemployment tax dumping; penalties.

5. Summary/Purpose:

This bill establishes the civil and criminal penalties that shall be assessed against, and the unemployment compensation tax rates that shall apply to, persons who transfer any trade or business to another where at the time of transfer there is substantially common ownership, management, or control of the trade or business and the sole or primary purpose of the transfer is to obtain a lower unemployment tax rate. This bill contains an emergency clause and will be effective upon passage.

6. Fiscal Impact cannot be determined:

According to the Virginia Employment Commission (VEC), this bill will have an indeterminate impact on agency operations depending on the number of offenses committed. Since there is no way to predict the number of offenses that will be committed, it is not possible to determine the impact on agency operations. However, VEC believes any such operational impact can be absorbed within its current appropriation.

7. Budget amendment necessary: No.

8. Fiscal implications: See Item 6.

9. Specific agency or political subdivisions affected: Virginia Employment Commission.

10. Technical amendment necessary: No.

11. Other comments:

The proposed legislation would create a new misdemeanor and a new felony offense. Anyone convicted of a Class 1 misdemeanor is subject to a sentence of up to 12 months in jail. For someone convicted of a Class 6 felony, a judge has the option of sentencing him to up to one year in jail, or 1 to 5 years in prison. Therefore, this proposal could result in an increase in the number of persons sentenced to jail or prison.

There is not enough information available to reliably estimate how many additional inmates in jail could result from this proposal. Any increase in jail population will increase costs to the state. The Commonwealth pays the localities \$8.00 a day for each misdemeanor or otherwise local responsible prisoner held in a jail. It also funds most of the jails' operating costs, e.g. correctional officers. The state's share of these costs on a per prisoner, per day basis varies from locality to locality. However, according to the Compensation Board's most recent Jail Cost Report (FY 2003), the estimated total state support for local jails averaged \$27.42 per inmate, per day in FY 2003.

The Virginia Criminal Sentencing Commission was unable to determine the impact of this proposal on state-responsible (prison) bed space pursuant to §30-19.1:4 of the Code of Virginia because the proposal would criminalize behavior that is not currently defined as a criminal act, and data on such activity does not exist. Consequently, the number of individuals who could be affected by the proposal is unknown.

Date: 03/02/05 / dma

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cc: Secretary of Commerce and Trade