# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Criminal Justice Committee

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| BILL: | CS/CS/SB 1652 |
| SPONSOR: | Criminal Justice Committee, Commerce and Consumer Services Committee, and Senators King and Lynn |
| SUBJECT: | Unemployment Compensation |
| DATE: | March 30, 2005 REVISED: |

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|---|---|---|---|---|
| 1. | Gordon | Cooper | CM | **Fav/CS** |
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| 3. | | | TA | |
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## I. Summary:

This committee substitute amends Florida's Unemployment Compensation (UC) law to prevent "SUTA dumping," a tax avoidance plan used by some employers to decrease their tax rate. These amendments are required by the Federal "SUTA Dumping Prevention Act of 2004."[1]

This committee substitute also makes technical and substantive changes to the administration and enforcement of the UC program by:

- Exempting special deputies from the Administrative Procedure Act (APA) uniform rules of procedure;
- Creating new penalties and standards of evidence related to "remote filing" for UC benefits;
- Clarifying benefit eligibility for persons in approved training programs;
- Authorizing an official seal for AWI;
- Streamlining the claims appeal process;
- Extending time for recovery of non-fraud overpayments by one year; and
- Including the "creation of fictitious employer scheme to commit unemployment compensation fraud" in the definition of racketeering activity under the "Florida RICO Act."

This committee substitute substantially amends the following sections of the Florida Statutes: 120.80, 443.071, 443.091, 443.1216, 443.1217, 443.131, 443.1317, 443.151, and 895.02.

[1] P.L. No. 108-295. "SUTA" stands for "State Unemployment Tax Acts."

## II. Present Situation:

***The Unemployment Compensation Program***

The Social Security Act (SSA) and the Federal Unemployment Tax Act (FUTA) provide for our national unemployment compensation program. The program is self-financed and structured as a federal-state partnership, and has two main objections: (1) to give workers temporary and partial insurance against income loss resulting from unemployment; and (2) to assist the countercyclical stabilization of the economy during recessions by maintaining workers' purchasing power.[2]

SSA and FUTA contain provisions that:

- Ensure conformity and substantial compliance of state law, rules, and regulations with federal law;
- Determine administrative funding requirements and provide money to states for proper and efficient administration;
- Set broad overall policy for administration of the program; and
- Provide that the federal government holds and invests all money in the unemployment trust fund until needed by states for the payment of compensation.

The various state acts provide benefit qualification levels and amounts, benefit duration, benefit disqualification, and the unemployment compensation tax structure within certain federal parameters. Florida established its unemployment compensation (UC) program in 1937 as part of the national unemployment insurance system that grew out of the Great Depression.[3] Florida's first unemployment benefits were paid to eligible workers in 1939.

Chapter 443, F.S., governs the Florida Unemployment Compensation (UC) system. The Division of Unemployment Compensation (division) within the Agency for Workforce Innovation (AWI) is responsible for administration of the state's UC program. AWI is required to contract with the Department of Revenue (DOR) to provide unemployment tax collection services. The program is funded by federal and state employer payroll taxes.

***Employer Contributions / Experience Rating***

State unemployment taxes are based on an experience rating system. All new employers first liable to pay unemployment compensation taxes are assigned an initial rate of 2.7 percent for the first 10 quarters of existence. At the end of the initial period, an employer has enough history to qualify for an experienced based tax rate. The present day experienced-based tax rate formula uses three major ratios that are combined to add up to the employer's final rate:

- Individual Benefit Ratio—This factor is the greatest portion of the employer's final tax rate. It is derived by dividing the previous three years of benefit charges for former employees by the taxable payroll for that same three year period.

[2] Florida Senate Committee on Commerce and Economic Opportunities, Interim Project Report 2003-113, *Administration of the Unemployment Compensation Program*, January 2003.
[3] Ibid.

- Variable Adjustment Multiplier—This factor is comprised of three ratios that spreads costs among employers that have had benefit charges in the three previous years. The three ratios for this factor include:
    - The last three years of non-charged benefits (those not attributable to any employer);
    - Excess payments (that portion of benefit charges that exceed the maximum rate of 5.4 percent); and
    - The fund size factor, which requires that the trust fund maintain a balance between 3.7 and 4.7 percent of one year's taxable payroll.
- Final Adjustment Ratio—This factor spreads costs not obtained by the second factor to all employers not at the initial or maximum rate.

These three ratios added together comprise the employers' tax rates. Ideally each employer would pay the exact amount of unemployment compensation benefits that are chargeable to his or her account. However, this is not possible since the maximum contribution rate is 5.4 percent and all employers do not have the same experience with unemployment. These problems cause additional costs which must be financed through contribution rates. These additional costs are divided among all rated employers by the adding of the variable adjustment factor and the final adjustment factor. The employer's contribution rate is, in actuality, each employer's benefit cost plus their share of unassigned costs in order to keep the unemployment insurance program solvent.[4]

Under experience rating, the state unemployment tax rate of an employer is based on the amount of UC benefits paid to former employees. However, all compensation costs attributable to an employer's experience cannot be recovered from individual employers because of the upper limit on the rates.[5] In addition, new employers are subject to an initial rate while their accounts are earning experience. These factors, in combination with the balance of the trust fund, determine costs that all employers with unemployment experience must share.

Simply put, the more unemployment compensation paid to former employees, the higher the tax rate of the employer, up to a maximum established by state law. The experience rating helps ensure an equitable distribution of costs.

***SUTA Dumping***

"SUTA dumping" is a tax avoidance plan used by some employers to change their unemployment insurance tax rate, and thereby to pay less tax. As a result, these employers pass along their proper tax liability to all other employers in the state. SUTA dumping occurs primarily in two ways:

1. An employer escapes a poor experience rating by setting up one or more shell companies and then transferring some or all of its workforce (and the accompanying

[4] Florida Department of Revenue. February 11, 2005. <http://sun6dms.state.fl.us/dor/uc/taxratemeth.html>
[5] Federal guidelines require the Unemployment Compensation tax structure be based on benefit experience, have a new employer tax rate of not less than 1.0 percent, a maximum tax rate of at least 5.4 percent, and a taxable wage base of not less than $7,000. Ibid.

payroll on which tax is due) to the shell company after the shell has earned a low experience rate. The transferred payroll is then taxed at the shell's lower rate. This allows the first company to begin earning low rate and by the time the shell has earned a high rate the employer transfers the payroll back to the first company.

2. A person or entity commencing a business purchases an existing small business with a low unemployment tax rate. Instead of being assigned the rate for a new employer, the entity receives the lower rate of the acquired business. In this scenario, the new business ceases the business enterprise of the business that it acquired and commences a different type of business activity.

In 2004, Congress enacted legislation to stem SUTA dumping, and to require states to amend their UC laws to do the same.[6] The Department of Labor (DOL) established a deadline for states to conform to the federal law.[7] If states do not comply, they risk loss of their administrative grants for their UC programs. Last year, Florida received approximately $64 million from the federal government to administer the state's UC program. Under the DOL schedule, Florida must amend its law in this legislative session.

## III. Effect of Proposed Changes:

This committee substitute amends Florida's Unemployment Compensation law to prevent "SUTA dumping," a tax avoidance plan used by some employers to decrease their unemployment insurance tax rate, as required by the "SUTA Dumping Prevention Act of 2004."[8] This committee substitute also makes technical and substantive amendments related to the administration and enforcement of the Unemployment Compensation program.

***UC Hearings and the APA***

Section 120.54, F.S., outlines hearing procedures for state agencies. More specifically, s. 120.54(5), F.S., requires agencies to follow the uniform rules of procedure adopted by the Administration Commission unless the agency is granted an exception. Section 120.80, F.S., provides exceptions, exemptions and special requirements for administrative hearings conducted by various agencies. Paragraph (10)(b) provides that UC benefit appeals proceedings conducted by the Unemployment Appeal Commission or unemployment appeals referees are exempt from the uniform rules of procedure.

Section 443.141(2)(b), F.S., allows AWI to appoint special deputies to hear petitions against employers who have failed to pay UC taxes. Typically, special deputies are also appeals referees whose titles change depending on the type of hearing they are overseeing. AWI currently has approximately 50 appeals referees and special deputies. Last year, they heard an estimated 95,000 cases.

[6] Section 303k, SSA (2004).
[7] Letter from Cheryl Atkinson to State Workforce Agencies, *Employment and Training Administration Advisory System of the U.S. Department of Labor*. Unemployment Insurance Letter, Letter No. 30-04 (August 13, 2004).
[8] P.L. No. 108-295. "SUTA" stands for "State Unemployment Tax Acts."

Recognizing the burden of this caseload and the attendant requirements to comply with all of the procedural provisions of the APA, the Legislature exempted appeals referees from ch. 120, F.S., in 2003.[9] As a result, for example, claimants do not have to secure a notary each time they participate in a video teleconference or telephone hearing with an appeals referee.[10] Moreover, the majority of AWI hearings involve pro se claimants unfamiliar with the uniform rules of procedure. AWI reports that requiring such claimants to comply with APA rules when they are unrepresented causes their cases to be delayed, and possibly impedes their access to a tribunal.

**Section 1** amends s. 120.80(10)(b), F.S., to add special deputies to an Administrative Procedure Act (APA) exception which currently applies only to appeals referees. Extending this exemption to special deputies would further streamline the hearing process and parallel the exemption given to appeals referees who perform essentially the same judicial function as special deputies.

***Criminal Penalties for Violations of UC Law***

After the enactment of the Workforce Innovation Act of 2000,[11] "remote filing," or filing and updating claims via the Internet and telephone, replaced face-to-face meetings with UC representatives. However, these advancements have increased the potential for abuse of the system and the difficulty in prosecuting those abuses.

Section 443.071, F.S., establishes penalties for defrauding the UC program. A person who makes a false statement or fails to disclose a material fact to obtain or increase UC benefits commits a third degree felony. Agents of employing units who make a false statement or fail to disclose a material fact to avoid or reduce contributions or reimbursements commit a third degree felony. Employers who fail to comply with program requirements commit a second degree misdemeanor. However, the law contains no specific prohibition against creating fictitious employing units housing "sham" businesses created through the electronic submission of fraudulent registration, or wage and tax reports via computer systems used by DOR.

**Section 2** amends s. 443.071, F.S., to address these issues. First, a new subsection (4) is created to specify that a third degree felony is committed when a person establishes a fictitious employing unit and attempts to obtain benefits to which they are not entitled by:

- Introducing fraudulent records into a computer system;
- Intentionally or deliberately altering or destroying computerized information or files; or
- Theft of financial instruments, data, or other assets.

Currently, s. 443.071(4), F.S., states that the signature of a person on a "document, letter, or other writing" constitutes prima facie evidence of the person's identity if two additional conditions exist:

[9] Section 3, ch. 2003-36, L.O.F.
[10] Rule 28-106.213(b), Fla. Admin. Code.
[11] Ch. 2000-165, L.O.F.

- The person gives her or his name, residence, address, home telephone number, present or former place of employment, gender, date of birth, social security number, height, weight and race.
- The signature of the person is witnessed by an agent or employee of the Agency for Workforce Innovation or its tax collection service provider at the time the document, letter, or other writing is filed.

This subsection is renumbered as subsection (5), and amended to remove the requirement that documents containing the signature also include the home telephone number, present or former place of employment, gender, date of birth, height, weight and race of the signatory.

Subsection (6) is created to specify that UC applications initiated through the Internet or AWI's interactive voice response system telephone claims program constitute prima facie evidence of the establishment of a personal benefit account if the application includes the applicant's name, residence, date of birth, social security number, and present or former place of employment.

Subsection (7) is created to specify that evidence of a transaction history, generated by a personal identification number, establishing that a certification or claim was made, and a corresponding payment was made by the state, constitutes prima facie evidence that the person claimed and received program benefits.

Paragraph (8) is added to s. 443.071, F.S., to permit records held by AWI which are related to unemployment fraud investigations to be shared with the Department of Law Enforcement, the State Attorney or the Office of the Statewide Prosecutor in prosecutions based on the criminal use of personal identification information under s. 817.568, F.S.

***Benefit Eligibility Conditions***

Under s. 443.091, F.S., an individual is eligible to receive benefits if AWI finds that the individual:

- Has made a claim for benefits for that week in accordance with AWI rules;
- Has registered for work with and continued to report to AWI;
- Is able to work and available for work;
- Participates in reemployment services (e.g., job search agencies, etc);
- Has been unemployed for a waiting period of one week;
- Has been paid wages for insured work equal to 1.5 times his or her high quarter wages during his or her base period, with an exception; and
- Has submitted a valid Social Security number to AWI.

FUTA requires that individuals who are attending approved training to update their job skills are not subject to a denial of benefits because of their failure to look for work, register for work, or participate in reemployment services. However, as s. 443.091(1)(c)2., F.S., is currently written, an individual in approved training is exempt from all eligibility conditions except for the availability of work requirement, which is beyond the requirements of FUTA.

**Section 3** amends s. 443.091(1)(c)2., F.S., to make clear that individuals in approved training are exempt the work registration requirement, the "availability to work" requirement, and the "participation in reemployment services" requirement.

***Employment Subject to UC Taxes***

**Section 4** amends s. 443.1216, F.S., to correct technical deficiencies in provisions related to employee leasing companies and to certain categories of work that are excluded from participation in the unemployment compensation system.

Section 443.1216, F.S., specifies what types of employment are subject to unemployment compensation taxes. Sub-subparagraph (1)(a)2., F.S., currently provides that when an employee leasing company leases "corporate officers of the client to the client and to other workers," they are exempt from the UC tax. This section clarifies that such corporate officers need not be leased to "other workers," but rather allows the leasing company to lease "other workers to the client."

Section 443.1216(13), F.S., is amended to remove the term "employment" to make clear that the categories of services that are listed are not "employment" for the purposes of the UC program. (Section 443.036(21), F.S., defines employment as "a service subject to this chapter under s. 443.1216, F.S., which is performed by an employee for the person employing him or her.")

***UC Taxable Wages***

**Section 5** amends s. 443.1217, F.S., to clarify that wages exempt under this section are exempt only for the purpose of determining an employer's amount of contribution.

***Contributions & SUTA Dumping***

**Section 6** amends s. 443.131, F.S., effective January 1, 2006, in two ways: it implements the recommendations of the Auditor General relating to "total excess payments" of UC contributions; and implements the federally required restrictions relating to "SUTA Dumping."

Section 443.131, F.S., outlines Florida's process for determining UC contribution (or tax) rates. Rates are determined by several factors, including an adjustment factor for excess payments, which was the subject of a finding in a recent Florida Auditor General report.

During the period from July 1, 2003, through June 30, 2004, the AG conducted an audit of AWI, DOR and the State Technology Office (STO) which focused on management controls of the UC system and determining the status of prior audit deficiencies.[12] As a result of this audit, the AG made the following findings:

- **Finding No. 1**: The Agency could not provide electronic records to demonstrate that the detailed employers' experience-based UI tax rates were properly calculated for the 2004 calendar year in accordance with Florida Statutes.

[12] Auditor General, Report No. 2005-118, *Unemployment Insurance Program, Agency for Workforce Innovation, Department of Revenue and State Technology Office.* February 2005.

- **Finding No. 2:** Although the detail was not available as indicated in the previous finding, our analysis of aggregate amounts for employer accounts disclosed aspects of the Agency's calculation of employers' experience-based tax rates for the 2004 calendar year that were inconsistent with Florida law.[13]

In discussing the second finding, the AG references s. 443.131, F.S., which relates to an adjustment factor for excess payments. That portion of the statute, particularly sub-subparagraph (e)1.b., details the intricacies of calculating an adjustment factor that takes into account excess payments. "Total excess payments" is defined as: "[T]he sum of the individual employer excess payments for those employers eligible for a variation from the standard rate."[14] However, before it was amended in 2003,[15] this term was defined as: "[T]he sum of the individual employer excess payments for those employers that were eligible to be considered for assignment of a contribution rate different from the standard rate."[16] Confusion over how to include such payments in these calculations was the primary focus of the AG's second finding.

In its analysis, the AG stated that

"…the calculation of the total excess payments amount for the three-year period ending June 30, 2003, included amounts from account records of new employers and employers whose accounts were not eligible to be charged for benefits. Florida law in effect during the period under audit appears to provide that employers who were not entitled to rate reductions at the time the rate variance is calculated should not have had their excess payments included in the calculation. In response to our inquiries regarding the calculation, DOR stated the 2002 Florida Statutes defined the term "total excess payments" as the sum of the individual employer excess payments for those employers that were eligible to be considered for assignment of a contribution rate different from the standard rate. DOR's interpretation of the statute was to include an employer's account in calculating the rate factors if the employer was eligible for an earned rate in a given year but not for the subsequent year due to broken chargeability. DOR further stated that a change in statute language effective January 1, 2003, removing the word "were" was not intended to change the statute meaning. [17]

In response to the audit, this section amends s. 443.131(3)(e)1.b., F.S., to revert to the 2002 definition of "total excess payments."

This section also creates paragraph (3)(g) of s. 443.131, F.S., to implement the federally required restrictions relating to "SUTA Dumping." This paragraph provides that where an employer transfers its trade or business or portion of the business to another employer and where there is common ownership, management, or control between the businesses, the unemployment

[13] Ibid.
[14] Section 443.131(3)(e)1.b., F.S. (2004).
[15] See s. 32, ch. 2003-36, L.O.F.
[16] Underlining indicates language differing from the first definition of "total excess payments" outlined in the text of the analysis.
[17] Auditor General, Report No. 2005-118, *Unemployment Insurance Program, Agency for Workforce Innovation, Department of Revenue and State Technology Office.* February 2005. pp. 4-5. Also see Letter from Jim Zingale of DOR to William O. Monroe, the Auditor General, in response to the report, p. 13.

experience (which is used in the calculation of the UC contribution) of the transferred business must be carried over to the employer acquiring the new business. When it is determined that a substantial purpose of the transfer of the trade or business was to obtain a reduced rate of contributions, then the experience of the employers involved must be combined into a single account and a single rate assigned to that account.

When a person who is not an employer liable for contributions acquires the trade or business of an employer, the unemployment experience of the acquired business cannot be transferred to the person if it is determined that the person acquired the business primarily for the purpose of obtaining a lower rate of contribution than the initial rate. In determining whether the person was primarily attempting to acquire a lower rate of contribution, the agency's tax collection service provider (DOR) will consider, but not be limited to, the following factors:

- whether the person continued the business enterprise of the acquired business;
- the length of time the business enterprise of the acquired business was continued; or
- whether a substantial number of new employees were hired for the performance of duties unrelated to the business of the acquired business.

If a person knowingly violates or attempts to violate these provisions, or any other provision of ch. 443., F.S., related to determining the rate of contribution, or if a person knowingly advises another person to violate the law, the person is subject to the following penalties:

- Employers will be assigned the maximum rate allowed by law for the rate year during which the violation or attempted violation occurred and for the following three years. If the employer is already at the maximum rate for any year or if the amount of the increase in the rate would be less than 2 percent, then a penalty rate of 2 percent will be imposed for the year.
- A person who is not an employer will be subject to a civil penalty of $5,000, assessed in accordance with the procedures and provisions of s. 443.141, F.S., relating to the collection of contributions. The penalties recovered will be deposited in the Employment Security Administration Trust Fund as provided in s. 443.211, F.S.
- In addition to any aforementioned penalties, a person who violates these provisions commits a third degree felony.

This section also provides the following definitions:

- "Knowingly" means having actual knowledge of or acting with deliberate ignorance or reckless disregard for the prohibition involved.
- "Violates or attempts to violate" includes, but is not limited to, intent to evade, misrepresentation or willful nondisclosure.
- "Person" has the same meaning given the term by section 7701(a)(1) of the Internal Revenue code of 1986.
- "Trade or business" includes the employer's workforce.

This section also:

- authorizes AWI and its tax collection provider (DOR) to establish procedures to identify transfers or business acquisitions covered under the paragraph and adopt rules necessary to administer the paragraph; and
- requires this entire new provision to be interpreted and applied in a manner that meets the minimum requirements of any guidance or regulation issued by the U. S. Department of Labor.

***Agency Seal***

**Section 7** amends s. 443.1317, F.S., to authorize an official seal for AWI. An official seal will assist AWI in properly authenticating documents that may be used in courts or between agencies. This amendment parallels the authority of other Florida state agencies.

***Appeals Process***

**Section 8** amends s. 443.151(4)(b), F.S., to permit appeals referees to issue an Order to Show Cause to appellants who have submitted late-filed appeals and to expand the time for the recovery of overpaid benefits. This section also amends s. 443.151(6)(b), F.S., to extend the time to recover non-fraud overpayments.

Section 443.151(4), F.S., governs lower level appeals of UC determinations. The Unemployment Appeals Commission has construed paragraph s. 443.151(4)(a), F.S., to require a hearing be held in *all* first level appeals cases administered by AWI's Office of Appeals. Consequently, the Office of Appeals must annually schedule and conduct approximately 4,000 hearings, or 4.1 percent of its annual workload, when no basis for the hearing has been established beyond the apparent untimeliness of the appeal. If the appeals referee finds that the appeal was late filed, the hearing ends. The case is then dismissed because the appeals referee no longer has jurisdiction.

This section creates a new provision to permit appeals referees to issue an Order to Show Cause requiring that the claimant explain why he or she filed a late appeal. Dismissing an appeal based on an Order to Show Cause instead of holding a hearing would avoid potential inconvenience to all parties in preparing for and attending a hearing. Moreover, this change provides additional protection to appellants by allowing them to have the opportunity to present to the referee relative information in writing that would allow the referee to determine whether a hearing should be conducted. If after responding to the Order to Show Cause, and the referee finds the appeal was untimely and should be dismissed, the referee would still issue an opinion, which, subject to the appellant's request, may be reviewed by the Unemployment Appeals Commission. Therefore, claimants' access to the tribunal is preserved.

Agency costs associated with scheduling and conducting hearings would also be lowered. Section 120.569(2)(c), F.S., currently permits the dismissal of an untimely appeal without first conducting a hearing. Therefore, this procedure is not without precedent.

Section 443.151(6), F.S., provides procedures for the recovery and recoupment of benefits that have been overpaid to claimants. Recovery is the cash repayment of an overpayment by the benefit recipient to the trust fund. Recoupment is the process of using future claims for weeks of unemployment to offset the claims that were previously paid and resulted in the overpayment.

The law authorizes a waiver of recoupment of benefits when the benefits overpaid were received by the individual without fault on the person's part, when it would defeat the purpose of the chapter, or when recoupment would be inequitable and against good conscience. However, recovery of an overpayment cannot be waived by the agency.

Section 443.151(6)(a), F.S., states:

Any person who, by reason of her or his fraud, receives benefits under this chapter to which she or he is not entitled is liable to repay those benefits to the Agency for Workforce Innovation on behalf of the trust fund or, in the agency's discretion, to have those benefits deducted from future benefits payable to her or him under this chapter. To enforce this paragraph, the Agency for Workforce Innovation must find the existence of fraud through a redetermination of decision under this section **within 2 years after the fraud was committed**. Any recovery or recoupment of these benefits must be initiated within 5 years after the redetermination or decision.[18]

According to this provision, AWI has 2 years from the date of the redetermination or decision that created the overpayment to complete recovery. AWI reports that it often takes longer than 2 years to discover that fraud was committed.

Paragraph (6)(a) is amended to extend the time of recovery from 2 to 3 years. By extending the statute of limitations for recovery of non-fraud overpayments by one year, AWI reports that it may be able to increase its collections.

***Florida RICO Act***

**Section 9** amends s. 895.02(1)(a), F.S., to include the "creation of fictitious employer scheme to commit unemployment compensation fraud" in the definition of racketeering activity under the "Florida RICO Act."

**Section 10** republishes s. 16.56, F.S., which references the RICO definition in s. 895.02, F.S.

**Section 11** republishes s. 655.50, F.S., which references the RICO definition in s. 895.02, F.S.

**Section 12** republishes s. 896.101, F.S., which references the RICO definition in s. 895.02, F.S.

**Section 13** republishes s. 905.34, F.S., which references the RICO definition in s. 895.02, F.S.

**Section 14** provides that except as otherwise expressly provided, the act will take effect July 1, 2005.

## IV. Constitutional Issues:

### A. Municipality/County Mandates Restrictions:

None.

[18] Section 443.151(6)(a), F.S., (2004)(Emphasis Added).

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

## V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The committee substitute enacts no new fees or taxes for employers who operated within the requirements of the law. However, employers violating or attempting to violate the "SUTA dumping" provisions of the committee substitute will be subject to higher contribution rates and civil penalties.

C. Government Sector Impact:

To the extent that additional enforcement and prosecution will be required under this committee substitute, the following entities may incur new costs: the Florida Department of Law Enforcement, the Office of the Attorney General, the Office of the Statewide Prosecutor, and State Attorneys.

AWI and DOR report that requirements of this committee substitute may be accomplished within the parameters of its current budget.

Section 7, which relates to UC appeals, does not generate revenue but will allow the agency to use savings from a reduction of hearings on untimely appeals to more expeditiously resolve appeals.

## VI. Technical Deficiencies:

None.

## VII. Related Issues:

None.

## VIII. Summary of Amendments:

None.