

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Governmental Operations Committee

BILL: CS/SB 940

INTRODUCER: Commerce Committee and Senator Diaz de la Portilla

SUBJECT: Employee Leasing Companies

DATE: April 18, 2008 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Earlywine	Cooper	CM	Fav/CS
2.	McKay	Wilson	GO	Favorable
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

A. COMMITTEE SUBSTITUTE..... Statement of Substantial Changes

B. AMENDMENTS..... Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

I. Summary:

This committee substitute requires employee leasing companies to file quarterly reports with the Labor Market Statistics Center of the Agency for Workforce Innovation (AWI) which includes information relating to the client company’s business, number of employees, wages paid, the business relationship between the employee leasing company and the client company, and the internal staff of the employee leasing company.

The bill also prescribes a format for such reports and the time within which the reports must be filed, and bill grants AWI authority to adopt rules to implement these provisions and to administer, collect, enforce, and waive penalties for failure to file such reports.

The bill amends sections 443.036 and 443.1216 of the Florida Statutes.

II. Present Situation:

Under the current unemployment compensation law, employee leasing companies report all of their clients (employers) and internal staff employment and employer counts and under one account number. According to AWI, this current reporting practice distorts industry and

geographic economic data for the state and local areas. This means that state and counties may have inaccurate employer counts and employment by industry and geographic location which may skew economic data.

AWI has been working with employee leasing companies to pursue voluntary compliance of reporting their clients' information to alleviate the problem. However, According to AWI, this voluntary compliance has been inadequate, sporadic and incomplete.

Based on current reporting practices, the total number of employers in Florida may not be accurate. Industries growing and declining by county may also not be accurate. Under current reporting practices county employment levels can be reported as growing when in reality they could be declining or vice versa.

Section 443.036, F.S., defines an employee leasing company as an employing unit that has a valid and active license under ch. 468, F.S., (licensing standard for certain professions and occupations), that maintains the records required by s. 443.171(5), F.S., (requires employing units to keep reports containing the information required by the AWI or the tax collection service provider), and maintains a listing of the clients of the employee leasing company and of the employees, including their social security numbers, who have been assigned to work at each client company job site. Each client company job site must be identified by industry, products or services, and address. The client list must be provided to the tax collection service provider by June 30 and by December 31 of each year.

Section 443.1216, F.S., provides that when an employer contracts with an employee leasing company, that employer's workers are considered employees of the employee leasing company. Employees of the employee leasing company are reported under the employee leasing company's tax identification number and contribution rate.

III. Effect of Proposed Changes:

Section 1 provides that the short title for the act is "Accurate Employment Statistics Enhancement Act."

Section 2 amends s. 443.036, F.S., to include in the definition of "employee leasing company" that the companies produce quarterly reports on the clients of the employee leasing company and the internal staff of the employee leasing company. The report specifications are included in section 3 of the bill.

Section 3 amends s. 443.1216, F.S., to require employee leasing companies to file quarterly reports with the Labor Market Statistics Center of AWI, or as otherwise directed by AWI, which include information relating to the client company's business, number of employees, wages paid, the business relationship between the employee leasing company and the client company, and the internal staff of the employee leasing company. This is essentially the same data required of all Florida employers.

This section also prescribes a format for such reports and the time within which the reports must be filed. This section provides for rulemaking authority, and grants AWI authority to administer, collect, enforce, and waive penalties for failure to file such reports.

Section 4 provides an effective date of October 1, 2008.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

There may be an indeterminate impact on employee leasing companies for producing the reports as required by this bill.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Commerce on April 8, 2008:

This CS requires employee leasing companies to file quarterly reports with AWI which includes information relating to the client company's business, number of employees, wages paid, the business relationship between the employee leasing company and the client company, and the internal staff of the employee leasing company.

This CS also prescribes a format for such reports and the time within which the reports must be filed. This CS grants AWI authority to adopt rules to implement these provisions and to administer, collect, enforce, and waive penalties for failure to file such reports.

- B. **Amendments:**

None.