

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1425-01  
Bill No.: Perfected SB 380  
Subject: Department of Labor and Industrial Relations; Employment Security  
Type: Original  
Date: March 6, 2001

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**FISCAL SUMMARY**

| ESTIMATED NET EFFECT ON STATE FUNDS                                 |            |            |            |
|---------------------------------------------------------------------|------------|------------|------------|
| FUND AFFECTED                                                       | FY 2002    | FY 2003    | FY 2004    |
| None                                                                | \$0        | \$0        | \$0        |
|                                                                     |            |            |            |
| <b>Total Estimated<br/>Net Effect on <u>All</u><br/>State Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| ESTIMATED NET EFFECT ON FEDERAL FUNDS                                 |            |            |            |
|-----------------------------------------------------------------------|------------|------------|------------|
| FUND AFFECTED                                                         | FY 2002    | FY 2003    | FY 2004    |
| None                                                                  | \$0        | \$0        | \$0        |
|                                                                       |            |            |            |
| <b>Total Estimated<br/>Net Effect on <u>All</u><br/>Federal Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| ESTIMATED NET EFFECT ON LOCAL FUNDS |            |            |            |
|-------------------------------------|------------|------------|------------|
| FUND AFFECTED                       | FY 2002    | FY 2003    | FY 2004    |
| <b>Local Government</b>             | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 3 pages.

**FISCAL ANALYSIS**

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### ASSUMPTION

Officials from the **Department of Labor and Industrial Relations** (DOL) noted that the federal government is discontinuing the Standard Industry Classification (SIC) system and replacing it with the North American Industry Classification System. This proposal removes the SIC system and replaces it with generic language to allow current and future classification systems established by the federal government. The proposed legislation would appear to have no impact on the department.

| <u>FISCAL IMPACT - State Government</u> | FY 2002<br>(10 Mo.) | FY 2003 | FY 2004 |
|-----------------------------------------|---------------------|---------|---------|
|                                         | \$0                 | \$0     | \$0     |

| <u>FISCAL IMPACT - Local Government</u> | FY 2002<br>(10 Mo.) | FY 2003 | FY 2004 |
|-----------------------------------------|---------------------|---------|---------|
|                                         | \$0                 | \$0     | \$0     |

### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### DESCRIPTION

This proposal changes the basis for determining industrial classification divisions for purposes of calculating employer contributions for unemployment from the Standard Industrial Classification Manual to the industrial classification system established by the federal government.

This legislation would not duplicate any other program and would not require additional capital improvements or rental space. However, this legislation is federally mandated. DOL Officials noted that the Office of Management and Budget, Executive Office of the President, published the final notice of decision for the adoption of NAICS in 62 FR 17287 (April 9, 1997). This replaces the 1987 Standard Industrial Classification (SIC), therefore, the state's use of the SIC is no longer possible.

### SOURCES OF INFORMATION

Department of Labor and Industrial Relations

AK:LR:OD (12/00)

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive script.

Jeanne Jarrett, CPA  
Director

March 6, 2001