

Fiscal Estimate Narratives

DWD 9/10/2021

LRB Number	21-4259/1	Introduction Number	SB-485	Estimate Type	Original
Description delivery network couriers and transportation network drivers, Department of Financial Institutions' approval to offer portable benefit accounts, providing for insurance coverage, and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

Provisions in this bill set criteria to be used to determine which Application-based Drivers are to be considered employees. If enacted, the bill would establish new criteria, different from the existing nine (9) criteria outlined in s. 102.07 (8) (b) for determining if an independent contractor is an employee.

The duties performed by the Department of Workforce Development (DWD) Worker's Compensation staff to enforce the current law at s. 102.07 (8) (b) would also apply to the new criteria created at s. 102.07 (8) (bs). Worker's Compensation staff would make determinations as to which network companies are subject to Chapter 102 provisions and whether they must be insured for Worker's Compensation liability. While these tests and determinations have bearing on minimum wage protections and unemployment benefits, and would require significant investigation and fact-finding activities, it is not possible to estimate if these provisions will affect the number of annual investigations performed by Worker's Compensation staff.

The DWD Unemployment Insurance Division staff would need to make unemployment insurance benefit eligibility determinations based on how employees and employers meet the new criteria established by this legislation. The bill, if enacted, is estimated to have an impact to the UI Trust Fund, but that impact is indeterminate. A preliminary evaluation of the impact of the bill suggests a net reduction to the UI Trust Fund, but more information and analysis is needed to determine how s. 102.07 (8) (bs) would apply to employers and employees. The fiscal impact to the IT and Administrative functions of the Unemployment Insurance Division are indeterminate but not expected to be significant.

Because this bill would change the employment status of certain employees from employee to independent contractor, the bill may increase complaints and investigations handled by DWD's Equal Rights Division (ERD) related to minimum wage and employee benefits. However, the Department is unable to estimate the number of new ERD investigations, and the resulting increased costs for investigations, under this bill.

The bill also outlines certain conditions in which a network company may contribute to a portable benefit account for an Application-based Driver who may receive distributions for specific purposes. The provision for portable benefit accounts is created in Chapter 103, Employment Regulations. The existing statutory powers, duties, and jurisdiction, concerning the Department of Workforce Development apply to this provision. Revision of administrative rules and outreach to employers may result in minimal new costs that are absorbable by the Department.

Given these considerations for DWD's Worker's Compensation, Unemployment Insurance, and Equal Rights Divisions, the overall fiscal impact of this legislation on staff time, agency resources and the UI Trust Fund is indeterminate.

Long-Range Fiscal Implications