

## ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

<p>1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original   <input type="checkbox"/> Updated   <input type="checkbox"/> Corrected</p>	<p>2. Date February 22, 2021</p>
<p>3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) Chapter DWD 113 - Settlement of Disputes and Compromise of Liabilities</p>	
<p>4. Subject Waiving interest in limited circumstances for employers subject to reimbursement financing when reimbursements are delinquent due to COVID-19</p>	
<p>5. Fund Sources Affected <input type="checkbox"/> GPR   <input type="checkbox"/> FED   <input checked="" type="checkbox"/> PRO   <input type="checkbox"/> PRS   <input type="checkbox"/> SEG   <input type="checkbox"/> SEG-S</p>	<p>6. Chapter 20, Stats. Appropriations Affected 20.445 (1) (gd)</p>
<p>7. Fiscal Effect of Implementing the Rule <input type="checkbox"/> No Fiscal Effect   <input type="checkbox"/> Increase Existing Revenues   <input type="checkbox"/> Increase Costs   <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Indeterminate   <input checked="" type="checkbox"/> Decrease Existing Revenues   <input type="checkbox"/> Could Absorb Within Agency's Budget</p>	
<p>8. The Rule Will Impact the Following (Check All That Apply) <input checked="" type="checkbox"/> State's Economy   <input type="checkbox"/> Specific Businesses/Sectors <input checked="" type="checkbox"/> Local Government Units   <input type="checkbox"/> Public Utility Rate Payers <input checked="" type="checkbox"/> Small Businesses (if checked, complete Attachment A)</p>	
<p>9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1). \$minimal</p>	
<p>10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)? <input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No</p>	
<p>11. Policy Problem Addressed by the Rule Under 2019 Wisconsin Act 185, 50% of the unemployment insurance benefit claims related to the public health emergency declared on March 12, 2020 will be charged to the appropriation in s. 20.445 (1) (gd), Stats., for employers subject to reimbursement financing; the remaining 50% will be reimbursed by the federal government under the federal Coronavirus Aid, Relief and Economic Security (CARES) Act. The charging relief for employers under state law is effective for state unemployment insurance benefits paid for the period of March 15, 2020 through December 26, 2020. The charging relief for Wisconsin employers under the federal CARES Act and the federal Continued Assistance Act is effective for the period March 15, 2020 through March 13, 2021.</p> <p>This emergency rule provides, on a temporary basis, the limited circumstances under which employers subject to reimbursement financing, who are unable to timely pay their reimbursements due to the COVID-19 pandemic, may receive a waiver of interest on their reimbursements. Under this rule, interest is waived starting on March 1, 2021 for reimbursable employers until the Act 185 recharging is finished.</p>	
<p>12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments. Businesses that are employers subject to the reimbursement financing provisions of Wisconsin unemployment insurance law.</p>	
<p>13. Identify the Local Governmental Units that Participated in the Development of this EIA. None.</p>	
<p>14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred) The proposed rule may have a positive impact on small businesses, as defined in s. 227.114 (1), Stats., if the small business is subject to reimbursement financing. This includes local governmental units. Those businesses and local</p>	

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governmental units would receive the benefit of a waiver of interest under this rule if they do not pay their reimbursements timely.

The effect on the State's economy as a whole is that employers subject to reimbursement financing will not be assessed interest, which may make funds that would be used to pay interest available for other uses in the economy.

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**15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule**

The benefits of implementing this rule are that employers subject to reimbursement financing will not be assessed interest on a temporary basis, which will save them money.

The alternatives to implementing the rule are to do nothing, which would not result in a waiver of interest for employers subject to reimbursement financing.

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**16. Long Range Implications of Implementing the Rule**

The long range implications of this rule are that the State's economy may be improved by permitting employers subject to reimbursement financing to retain and spend their funds other than on interest assessments.

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**17. Compare With Approaches Being Used by Federal Government**

The federal CARES Act provides that states have “flexibility to reimbursing employers as it relates to timely payment and assessment of penalties and interest...” CARES Act § 2103(a). U.S. Department of Labor encourages states to “interpret or amend their state unemployment compensation (UC) laws in a manner that provides maximum flexibility to reimbursing employers as it relates to timely payments in lieu of contributions and assessment of penalties and interest.” U.S. Department of Labor Unemployment Insurance Program Letter 18-20 (April 27, 2020), p. 2.

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**18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)**

Michigan, Illinois, and Iowa do not appear to waive interest for employers subject to reimbursement financing.

Minnesota law permits the compromise of reimbursements due by employers under MN Stat. § 268.067(b) (2019).

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**19. Contact Name**

Janell Knutson

**20. Contact Phone Number**

608-266-1639

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### ATTACHMENT A

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1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

The proposed rule may have a positive impact on small businesses, as defined in s. 227.114 (1), Stats., if the small businesses are subject to reimbursement financing and owe reimbursements in lieu of contributions. Those businesses would not be assessed interest for a limited time under this rule.

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2. Summary of the data sources used to measure the Rule's impact on Small Businesses

Under 2019 Wisconsin Act 185, 50% of the unemployment insurance benefit claims related to the public health emergency declared on March 12, 2020 will be charged to the appropriation in s. 20.445 (1) (gd), Stats., for employers subject to reimbursement financing; the remaining 50% will be reimbursed by the federal government under the federal CARES Act. The charging relief for employers under state law is effective for state unemployment insurance benefits paid for the period of March 15, 2020 through December 26, 2020. The charging relief for Wisconsin employers under the federal CARES Act and the federal Continued Assistance Act is effective for the period March 15, 2020 through March 13, 2021.

Businesses that do not receive charging relief may find it difficult to pay their reimbursements timely during the COVID-19 pandemic due to a reduction in business income. Under this rule, businesses subject to reimbursement financing will not be assessed interest for tardy reimbursements.

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3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

None.

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4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

The rule is an emergency rule, so it is only effective for a limited time.

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5. Describe the Rule's Enforcement Provisions

The Department of Workforce Development administers the unemployment insurance program by, among other things, assessing interest when employers do not pay their reimbursements in lieu of contributions.

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6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes     No
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