

Department of Planning and Budget 2007 Fiscal Impact Statement

1. Bill Number: HB964

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

2. Patron: Bulova

3. Committee: Passed both Houses

4. Title: Unemployment tax filing; annually for employers of domestic service individuals.

5. Summary/Purpose: The bill requires the Virginia Employment Commission to permit employers to pay unemployment taxes and file reports annually, commencing in 2009, if they employ individuals who perform only domestic service and have a quarterly payroll of not more than \$5,000. Currently such payments and filings are made quarterly.

6. Fiscal Impact Estimates are: Final.

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2009-10	(\$6,600)	n/a	Unemployment Insurance Trust Fund
2010-11	(\$13,199)	n/a	Unemployment Insurance Trust Fund
2011-12	(\$13,199)	n/a	Unemployment Insurance Trust Fund
2012-13	(\$13,199)	n/a	Unemployment Insurance Trust Fund

7. Budget amendment necessary: No.

8. Fiscal implications: The bill allows domestic employers who have a quarterly payroll of \$5,000 or less to elect to file their wage reports annually and to pay their state unemployment insurance taxes annually. This legislation parallels federal reporting requirements, and Georgia, New Jersey, and Oregon also allow annual wage reports and unemployment insurance taxes.

The most recent data available to the Virginia Employment Commission shows that there are 8,859 domestic employers registered in Virginia who employ 11,470 individuals. The average statewide weekly wage for these individuals is \$354 and the average wages paid per quarter is \$4,602. The estimated 2007 taxes for domestic household employment are \$284,456.

The bill will result in a reduction in revenue to the Unemployment Insurance Trust Fund because of the loss of interest revenue on the tax payments made throughout the year. The projected loss of revenue is \$13,199 annually.

The effective date of the bill is January 1, 2009. This will allow the Virginia Employment Commission to make necessary technology changes and educate employers.

9. Specific agency or political subdivisions affected: Virginia Employment Commission.

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 3/8/07 kbs

Document: G:\07 FIS\VEC\HB964er.Doc

cc: Secretary of Commerce and Trade