

Department of Planning and Budget

2009 Fiscal Impact Statement

1. Bill Number: HB1889

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed
 Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron: Nixon

3. Committee: Passed both Houses

4. Title: Unemployment benefits; minimum earnings requirement

5. Summary: The bill postpones the scheduled increase in the minimum amount of wages an employee must have earned in the two highest earnings quarters of his base period in order to be eligible for unemployment benefits. The increase, from \$2,700 to \$3,000, will apply to claims filed on or after July 4, 2010; it is currently scheduled to apply to claims filed on or after July 5, 2009.

6. Fiscal Impact Estimates: Final.

6a. Expenditure Impact: Unemployment trust fund

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2009	\$0	nongeneral
2010	\$1.3 million	nongeneral
2011	\$0	nongeneral
2012	\$0	nongeneral
2013	\$0	nongeneral
2014	\$0	nongeneral
2015	\$0	nongeneral

6b. Revenue Impact: Unemployment taxes

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2009	\$0	nongeneral
2010	\$0	nongeneral
2011	\$0	nongeneral
2012	\$600,000	nongeneral
2013	\$1 million	nongeneral
2014	\$400,000	nongeneral
2015	\$0	nongeneral

Revenue Impact: General fund

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2009	\$0	general
2010	\$0	general
2011	\$0	general
2012	(\$1,800)	general
2013	(\$3,000)	general

2014	(\$1,200)	general
2015	\$0	general

7. Budget Amendment Necessary: No. The increase to Item 125 of Senate Bill 850 for payment of unemployment benefits may be made administratively for fiscal year 2010.

8. Fiscal Implications: The Virginia Employment Commission estimates deferring until July 2010 the increase in minimum earnings requirement from \$2,700 to \$3,000 will increase the unemployment tax cost per employee by an average of \$0.22 in 2012 and \$0.28 in 2013.

Payment of unemployment taxes lowers corporations' taxable income. The impact on general fund revenues is estimated at an average reduction of \$2,000 annually from 2012 to 2014 as a result of the bill.

9. Specific Agency or Political Subdivisions Affected: Virginia Employment Commission.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 3/4/2009 dpbkbs

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cc: Secretary of Commerce and Trade