

Department of Planning and Budget

2010 Fiscal Impact Statement

1. Bill Number: HB535

House of Origin Introduced Substitute Engrossed

Second House In Committee Substitute X Enrolled

2. Patron: Nixon

3. Committee: Passed Both Houses.

4. Title: **Unemployment benefits; minimum earnings requirement.**

5. Summary: This bill postpones the scheduled increase, from \$2,700 to \$3,000, 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 will apply to claims filed on or after July 3, 2011; it is currently scheduled to apply to claims filed on or after July 4, 2010. In addition, this bill deletes three sets of benefit payment tables based on their effective dates having passed.

6. Fiscal Impact Estimates: Final.

6a. Expenditure Impact: Unemployment Trust Fund

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2009	\$0	n/a
2010	\$0	n/a
2011	\$1,300,000	nongeneral
2012	\$0	n/a
2013	\$0	n/a
2014	\$0	n/a
2015	\$0	n/a

6b. Revenue Impact: Unemployment Taxes

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2010	\$0	n/a
2011	\$0	n/a
2012	\$0	n/a
2013	\$600,000	nongeneral
2014	\$1,000,000	nongeneral
2015	\$400,000	nongeneral
2016	\$0	n/a

6c. Revenue Impact: General fund

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2010	\$0	n/a
2011	\$0	n/a
2012	\$0	n/a
2013	(\$1,800)	general
2014	(\$3,000)	general

2015	(\$1,200)	general
2016	\$0	n/a

7. Budget Amendment Necessary: No. (Any necessary appropriation changes can be made administratively).

8. Fiscal Implications: The Virginia Employment Commission estimates deferring the increase in minimum earnings requirement from \$2,700 to \$3,000 until July 2011 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 2013 to 2015 as a result of the bill.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 3/22/2010 dpbaek

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