

Department of Planning and Budget

2010 Fiscal Impact Statement

1. Bill Number: HB647

House of Origin X Introduced Substitute Engrossed
 Second House In Committee Substitute Enrolled

2. Patron: Armstrong

3. Committee: Commerce and Labor

4. Title: **Unemployment benefits; part-time employment and training programs.**

5. Summary: This bill provides that certain individuals who have exhausted eligibility for unemployment benefits and who are enrolled in approved training programs are eligible for up to 26 weeks of additional benefits. The measure also provides that an individual who was employed part time during at least one-half of the weeks of work in the individual's base period is deemed to satisfy the requirement that he be available for work and actively seeking and unable to obtain suitable work if he is available for and actively seeking work that is comparable to his part-time work experience in his base period.

6. Fiscal Impact Estimates: Preliminary.

6a. Expenditure Impact: Unemployment Trust Fund

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2010	\$0	n/a
2011	\$30.1 million	Nongeneral
2012	\$23.8 million	Nongeneral
2013	\$20.9 million	Nongeneral
2014	\$18.1 million	Nongeneral
2015	\$17.2 million	Nongeneral
2016	\$17.9 million	Nongeneral

6b. Revenue Impact: Unemployment Taxes

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2010	\$0	n/a
2011	\$0	n/a
2012	\$9.6 million	Nongeneral
2013	\$12.0 million	Nongeneral
2014	\$18.9 million	Nongeneral
2015	\$73.1 million	Nongeneral
2016	\$57.9 million	Nongeneral

6c. Revenue Impact: General fund

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2010	\$0	n/a
2011	\$0	n/a
2012	(\$28,800)	General
2013	(\$36,000)	General

2014	(\$56,700)	General
2015	(\$219,300)	General
2016	(\$173,700)	General

7. Budget Amendment Necessary: Yes, Item 115.

8. Fiscal Implications: The Virginia Employment Commission (VEC) estimates that (1) paying unemployment insurance for individuals employed in part-time employment during a majority of the weeks worked during their base period and are seeking part-time work, and (2) extending an additional 26 weeks of benefit payments to individuals who have exhausted their benefits but are enrolled in state-approved training programs will increase the unemployment tax cost per employee by an average of \$8.14 over the next eight years.

Payment of unemployment taxes lowers corporations' taxable income. According to the VEC, the impact on general fund revenues is estimated at an average reduction of \$96,150 annually as a result of the bill. Note that this is more than three times higher than the estimated annual net revenue loss of \$29,100 listed in the enactment clause of this bill.

This bill codifies provisions that would qualify Virginia for \$125.5 million in American Recovery and Reinvestment Act funding. This funding would be deposited into the Unemployment Trust Fund to be available to cover the cost of these expanded benefits.

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

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is identical to the introduced version of SB562.

Date: 2/1/2010 dpbaek

Document: G:\FIS\2010 Fiscal Impact Statements\VEC\HB647.Doc