

## Department of Planning and Budget 2014 Fiscal Impact Statement

**1. Bill Number:** HB22-ER

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

**2. Patron:** Kory

**3. Committee:** Passed Both Houses

**4. Title:** Unemployment compensation; calculating an employer's benefit ratio.

**5. Summary:** Provides that an employer's payroll, for purposes of calculating its benefit ratio and state unemployment tax rate, shall be deemed to be \$1 when the employer's taxable payroll for the applicable 12-month period is not more than \$1. The measure eliminates the necessity of dividing the employer's benefit charges by a payroll amount of \$0, which produces an infinite benefit ratio and results in an assessment of state unemployment taxes at the highest rate.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Final, see Item 8.

**8. Fiscal Implications:** According to the Virginia Employment Commission (VEC), the fiscal impact of this bill cannot be determined. However, VEC estimates that this bill could reduce taxes for 10 to 12 employers per year who would otherwise receive the maximum tax rate. If one of these employers pays \$1,600 less, then the estimated revenue impact for 12 employers could be a reduction to the Unemployment Insurance Trust Fund of \$19,200 per year. That amount would not have any adverse impact on the overall solvency of the trust fund.

**9. Specific Agency or Political Subdivisions Affected:** the Virginia Employment Commission, and employers in the Commonwealth.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

Date: 02/26/2014  
HB22ER.doc/jlm

cc: Secretary of Commerce and Trade