

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: HB177

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

2. Patron: Morrissey

3. Committee: Commerce and Labor

4. Title: **Eligibility of seasonal tax preparation service employees for unemployment benefits**

5. Summary: This bill disqualifies a seasonal employee of a tax preparation firm from receiving unemployment compensation benefits outside of the tax preparation season, if the individual was notified in writing at the time of his hiring that his employment is only for the term of the tax preparation season

6. Fiscal Impact Estimates: Indeterminate. See item 8.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: According to the Virginia Employment Commission (VEC), the bill would have the effect of making seasonal employees of tax preparation firms ineligible for unemployment compensation if their unemployment occurred outside of the tax season. VEC estimates that about 3,000 employees, or 0.11 percent of covered employment, would be deemed ineligible by this bill. According to VEC, there were 385 tax preparation firms operational in Virginia in 2009, up from 366 in 2008. For these 366 firms in 2008, a total of \$529,920 in benefit charges were placed against the accounts of tax preparation firms for benefits paid; most of these charges were related to seasonal employees. Similar benefit charges were paid by these accounts in 2007 in the amount of \$564,228, and in 2006, in the amount of \$532,619.

Additionally, 2009 saw a slight increase in the number of firms that were registering at the minimum tax rate a rate that can only be achieved if a firm does not have any claims that have been paid over a four-year period. Of the 385 tax preparation firms in operation in 2009, 220 (or 57 percent) were at the minimum tax rate, as compared to 201 of 366 (or 55 percent) tax preparation firms in 2008.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/27/2010 dpbaek

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