

## Department of Planning and Budget 2009 Fiscal Impact Statement

**1. Bill Number:** HB178

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

**2. Patron:** Morrissey

**3. Committee:** Commerce and Labor

**4. Title:** Unemployment benefits; eligibility of seasonal or temporary workers

**5. Summary:** The bill would make an unemployed individual ineligible for unemployment compensation benefits if they were provided with written notice and signed an acknowledgment of receipt of such notice by their employer, stating that their employment is temporary or seasonal and will terminate by a date certain or upon the completion of seasonal work specified in the written notice.

**6. Fiscal Impact Estimates:** Indeterminate, see Item 8.

**7. Budget Amendment Necessary:** No.

**8. Fiscal Implications:** This bill would deny benefits to any worker based upon an employer's declaration that the work is seasonal or temporary and the worker's signature on a form of acknowledgement that he or she understands that the work will end on a certain date.

According to the Virginia Employment Commission (VEC), the U.S. Department of Labor has advised that this bill does not conform to the requirements of the Federal Unemployment Tax Act. As such, enactment of this bill could result in a loss to all Virginia employers of the 90 percent credit on their federal unemployment taxes. The loss of this 90 percent credit would have the effect of increasing an employer's federal tax from \$56 to \$434 per employee; or a 775 percent increase.

The implications of a 775 percent increase in an employer's federal tax are manifold and indeterminate.

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

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

**11. Other Comments:** The bill is unclear in its definition of "seasonal work;" the definition of this term could have a significant impact on the implications of this bill.

**Date:** 1/27/2010 dpbaek

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