

Department of Planning and Budget

2010 Fiscal Impact Statement

1. Bill Number: SB239

House of Origin X Introduced Substitute Engrossed

Second House In Committee Substitute Enrolled

2. Patron: Watkins

3. Committee: Commerce and Labor

4. Title: **Unemployment benefits; eligibility criteria and impact of legislation.**

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. In addition, the bill repeals the provision allowing individuals to receive unemployment benefits if they voluntarily leave employment to follow a military spouse assigned to a new duty station, and replaces it with a more comprehensive provision for why an individual who voluntarily separates from employment for a “compelling family reason” is not disqualified from receiving unemployment compensation benefits. This bill defines “compelling family reason” as: domestic violence, the illness or disability of a member of the individual’s immediate family; or the need for the individual to accompany such individual’s spouse to a place from which it is impractical for such individual to commute and due to a change in location of the spouse’s employment. The measure also requires that the Virginia Employment Commission (VEC) work with the Department of Planning and Budget to project the impact on the solvency level of the unemployment trust fund and the average increase in state unemployment tax liability of employers and eliminated the requirement for both agencies to provide an estimate of potential revenue losses of state tax revenues. Finally, the bill repeals the third enactment of Chapter 878 of the 2009 Acts of Assembly, which, like this bill, also addressed §60.2-528 and said that the provisions of the act were to become effective if the federal government appropriates adequate funds for the purpose of paying benefits to employees who would be made eligible for unemployment benefits pursuant to the act.

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	\$18.1 million	Nongeneral
2012	\$14.3 million	Nongeneral
2013	\$12.6 million	Nongeneral
2014	\$10.9 million	Nongeneral
2015	\$10.3 million	Nongeneral
2016	\$10.7 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	\$6.3 million	Nongeneral
2013	\$7.9 million	Nongeneral
2014	\$12.7 million	Nongeneral
2015	\$26.3 million	Nongeneral
2016	\$30.8 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	(\$18,900)	General
2013	(\$23,700)	General
2014	(\$38,100)	General
2015	(\$78,900)	General
2016	(\$92,400)	General

7. Budget Amendment Necessary: Yes, Item 115.

- 8. Fiscal Implications:** The Virginia Employment Commission (VEC) estimates that paying unemployment insurance for those employees leaving for compelling family reasons and 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 \$4.80 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 \$57,113 annually as a result of the bill. Note that this is slightly higher than the estimated annual net revenue loss of \$53,588 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.

Finally, this bill (1) requires the VEC, in consultation with the Department of Planning and Budget (DPB), to provide a statement that estimates the impact on the solvency of the Unemployment Insurance Trust Fund and employer taxes of any bill that increases the payment of benefits, and (2) removes the requirement that the VEC, in consultation with DPB, estimate the general fund impact of any bills that expand the payment of benefits. The VEC currently provides information on both the trust fund and the general fund to various parties, and states that they will continue to do so for both funds, for future years. VEC does not estimate any additional fiscal impact from workload associated with this bill.

- 9. Specific Agency or Political Subdivisions Affected:** Virginia Employment Commission, Department of Planning and Budget.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 2/1/2010 dpbaek

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