

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: SB1010

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Watkins

3. Committee: Commerce and Labor

4. Title: Unemployment benefits; minimum earnings requirement.

5. Summary: This bill postpones the scheduled increase, from \$2,700 to \$3,000, in the minimum amount of wages an employee must have earned in the two highest earnings quarters of his base period in order to be eligible for unemployment benefits. The increase will apply to claims filed on or after July 1, 2012; it is currently scheduled to apply to claims filed on or after July 3, 2011. The bill contains an enactment clause that estimates the annual net revenue loss to the state as a result of this bill at \$1,087.

6. Budget Amendment Necessary: Yes, Item 115.

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact: Unemployment Trust Fund

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2011	\$0	n/a
2012	\$1.2 million	Nongeneral
2013	\$0	n/a
2014	\$0	n/a
2015	\$0	n/a
2016	\$0	n/a
2017	\$0	n/a

7b. Revenue Impact: Unemployment Taxes

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2011	\$0	n/a
2012	\$0	n/a
2013	\$1.1 million	Nongeneral
2014	\$0.6 million	Nongeneral
2015	\$0	n/a
2016	\$0	n/a
2017	\$0	n/a

7c. Revenue Impact: General fund

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
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2011	\$0	n/a
2012	\$0	n/a
2013	(\$3,300)	General
2014	(\$1,800)	General
2015	\$0	n/a
2016	\$0	n/a
2017	\$0	n/a

- 8. Fiscal Implications:** The Virginia Employment Commission (VEC) estimates deferring the increase in minimum earnings requirement from \$2,700 to \$3,000 until July 2012 will increase the unemployment tax cost per employee by an average of \$0.48 in 2013.

Payment of unemployment taxes lowers corporations' taxable income, thereby decreasing the amount of income tax revenue received by the state. Accordingly, VEC estimates that this bill will impact general fund revenues at a reduction of \$3,300 in FY 2013 and \$1,800 in FY 2014, for an eight-year average annual reduction of \$638. Note that these amounts are different from the annual net revenue loss of \$1,087 stated in the enactment clause of this bill.

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

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** None.

Date: January 20, 2011

c: Secretary of Commerce and Trade