

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: SB54

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

2. Patron: Watkins

3. Committee: Passed Both Houses

4. Title: Unemployment benefits; minimum earnings requirement, postpones scheduled increase.

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 6, 2014; it is currently scheduled to apply to claims filed on or after July 1, 2012. The bill also contains an enactment clause that provides: (i) that this bill enhance the benefits payable to an individual pursuant to Title 60.2, Code of Virginia; and (ii) that the Virginia Employment Commission (VEC), in consultation with the Department of Planning and Budget, estimates over the ensuing eight years that this bill will (a) reduce the solvency level of the unemployment trust fund by an average of zero percent in each of the eight years, and (b) result in an annual increase of \$0.12 in the state unemployment tax liability of employers on a per-employee basis.

6. Budget Amendment Necessary: Yes, Item 124.

7. Fiscal Impact Estimates: Final.

7a. Expenditure Impact: Unemployment Trust Fund

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2012	\$0	n/a
2013	\$1.3 million	Nongeneral
2014	\$0.9 million	Nongeneral
2015	\$0	n/a
2016	\$0	n/a
2017	\$0	n/a
2018	\$0	n/a

7b. Revenue Impact: Unemployment Taxes

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2012	\$0	n/a
2013	\$0	n/a
2014	\$1.9 million	Nongeneral
2015	\$1.0 million	Nongeneral

2016	\$0.1 million	Nongeneral
2017	\$0.2 million	Nongeneral
2018	\$0.2 million	Nongeneral

8. Fiscal Implications: The Virginia Employment Commission (VEC) estimates deferring the increase in minimum earnings requirement from \$2,700 to \$3,000 until July 6, 2014, will increase the unemployment tax cost per employee by an average of \$0.12 over the eight year period of FY 2014 through FY 2021.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 2/28/2012