

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: HB120

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

2. Patron: Rasoul

3. Committee: Commerce and Labor

4. Title: Unemployment compensation; wage offset.

5. Summary: Provides that the weekly unemployment benefit to which an eligible individual is entitled shall be reduced on a dollar-for-dollar basis by any wages in excess of \$100 that the individual earns in that week. Currently, such benefit is reduced dollar-for-dollar by wages in excess of \$50 earned in a week.

6. Budget Amendment Necessary: Yes, Item 123 (HB30/SB30). See Item 8, below.

7. Fiscal Impact Estimates: Preliminary. See Item 8, below.

7a. Expenditure Impact for unemployment benefit payments:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018	0	0	n/a
2019	\$3.8 million	0	NGF
2020	\$4.0 million	0	NGF
2021	\$4.1 million	0	NGF
2022	\$4.2 million	0	NGF
2023	\$4.2 million	0	NGF
2024	\$4.4 million	0	NGF

7b. Revenue Impact, Unemployment Compensation Trust Fund

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2018	0	n/a
2019	0	n/a
2020	\$0.2 million	NGF
2021	\$8.8 million	NGF
2022	\$4.4 million	NGF
2023	\$3.5 million	NGF
2024	\$12.2 million	NGF

8. Fiscal Implications: It is anticipated that this bill will result in an expenditure and revenue fiscal impact to the Virginia Employment Commission (VEC).

Expenditure impact for unemployment benefit payments: VEC anticipates additional unemployment benefit payments of \$3.8 million in FY 2019 and additional unemployment

benefit payments in the amounts as set out for each successive year in the first table. The increase in unemployment benefit payments is based on the new wage offset.

VEC would incur a one-time cost of \$150,000 for the vendor to make a software system change to accommodate the new wage offset.

Revenue impact for employer unemployment tax contributions: The revenue impact for employer unemployment tax contributions reflects the projected additional tax revenue needed to provide for the additional unemployment benefit payments. Unemployment tax revenue is generated from employer unemployment tax contributions that are deposited into the Unemployment Compensation Trust Fund for the sole purpose of paying unemployment benefits. The amount paid in taxes would increase to cover the additional benefits. The tax rate that employers pay is experienced rate, meaning that the tax will fluctuate based on the number of claims for which employers have liability. VEC anticipates additional employer unemployment tax contributions of \$0.2 million in FY 2020 and additional employer unemployment tax contributions as set out for each successive year in the second table.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.