

## Department of Planning and Budget 2020 Fiscal Impact Statement

**1. Bill Number:** SB548

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

**2. Patron:** Edwards

**3. Committee:** Passed Both Houses

**4. Title:** Unemployment compensation.

**5. Summary:** Amends various provisions regarding unemployment compensation and the Virginia Employment Commission. The bill provides that (i) the Commission shall base its determination on whether an individual is an employee on the standard used by the Internal Revenue Service for such determinations; (ii) for the purposes of unemployment compensation, "wages" does not include any payment made to, or on behalf of, an employee or his beneficiary under a cafeteria plan, as defined in § 125 of the Internal Revenue Code, if such payment would not be treated as wages under the Internal Revenue Code; and (iii) in an unemployment compensation claims adjudication matter, each day a person fails to obey a subpoena issued by a court, a court order, or a subpoena issued by the Commission shall be deemed to be a separate offense. Additionally, the bill requires (a) employing units to establish an account with the Commission by the end of the calendar quarter in which it becomes subject to the requirements for unemployment compensation, (b) an employer that has become subject to liability under the unemployment compensation provisions to submit the required reports by the due date of the calendar quarter in which the employer has initially become subject to such liability, and (c) all employers to file their quarterly payroll and tax reports on an electronic medium using a format prescribed by the Commission beginning January 1, 2021. Under current law, only employers with 100 or more employees are required to file electronically.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Final. See Item 8.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2020	0	0	n/a
2021	(\$190,000)	0	NGF
2022	(\$380,000)	0	NGF
2023	(\$380,000)	0	NGF
2024	(\$380,000)	0	NGF
2025	(\$380,000)	0	NGF
2026	(\$380,000)	0	NGF

- 8. Fiscal Implications:** It is anticipated that this bill will result in a nongeneral fund expenditure impact to the Virginia Employment Commission (VEC) as a result of the electronic filing requirement of quarterly wage reports in § 60.2-512 beginning January 1, 2021.

Eliminating the processing of approximately 50,000 manual wage reports each quarter will save the agency approximately \$380,000 annually in staff costs and postage. The agency will use the savings to cover operating costs and offset federal reductions to the Unemployment Insurance program grant provided by the U.S. Department of Labor.

This change would make VEC's filing requirements consistent with the Department of Taxation requirements.

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

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** None.