



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

HOUSE BILL NO. 421

PRINTERS NO. 1125

PRIME SPONSOR: C. Harris

### COST / (SAVINGS)

FUND	FY 2012/13	FY 2013/14
General Fund	\$0	(\$1,055,480)
Political Subdivision Funds	\$0	See Fiscal Impact
Unemployment Compensation Trust Fund	\$0	See Fiscal Impact

**SUMMARY:** Prohibits individuals from collecting unemployment compensation (UC) if they leave employment to preserve pension/retirement/annuity benefits. This legislation would take effect in 60 days and would apply to initial claims filed on or after the effective date of the legislation.

**ANALYSIS:** This legislation amends the Unemployment Compensation Law by adding subsection 402(k) so that claimants shall be ineligible for benefits if their separation from work (and by extension, their "unemployment") is caused by either the claimant or their employer in order to preserve:

- Existing entitlement to a pension (including a governmental or other pension);
- Retirement or retired pay;
- An annuity; or
- Any other similar periodic payments

This legislation also amends subsection 401(f) of the UC Law (relating to claimant requalification of benefits) by referencing subsection 402(k).

**FISCAL IMPACT:** This legislation would save the Commonwealth, as a reimbursable employer, approximately \$1,055,480 in Fiscal Year 2013-14 and the fiscal years thereafter utilizing data supplied by the Department of Labor & Industry. This number is calculated by averaging the benefits collected by annuitants in 2010 (220 annuitants and \$1,139,707 in benefits) and 2011 (239 annuitants and \$971,254 in benefits).

This legislation would save political subdivisions, as reimbursable employers, some funds due to the fact that annuitants, who are terminated to preserve pension, retirement, or annuity benefits, would no longer be able to collect UC benefits. The legislation would also provide some savings to the Unemployment Compensation Trust Fund due to the fact that annuitants, who are terminated to preserve pension, retirement, or annuity benefits, would no longer be able to collect UC benefits in the private sector. According to the Department, it is impossible to identify the savings to political subdivisions as well as the Unemployment Compensation Trust Fund.

**PREPARED BY:** Tim Rodrigo  
House Appropriations Committee (R)

**DATE:** March 18, 2013

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*