



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 1083

PRINTERS NO. 1940

PRIME SPONSOR: Baker

COST / (SAVINGS)

FUND	FY 2022/23	FY 2023/24
Unemployment Compensation Trust Fund	See "Fiscal Impact"	See "Fiscal Impact"

SUMMARY: Allows certain businesses that were closed during the COVID-19 pandemic to retain their experience rating for UC tax purposes, provide eligibility to spouses of active-duty members of the Armed Forces in certain circumstances, and make technical changes to the Shared-Work program. This legislation would take effect immediately.

ANALYSIS: This legislation amends the Unemployment Compensation (UC) Law to clarify that businesses that had shut down for an extended period of time in response to the COVID-19 pandemic may continue to receive an experienced-based tax rate by deeming employers to have paid contributions, even if no contributions were made. Employers would have had to have made contributions under this act for at least one quarter in fiscal year 2020 or 2021 to qualify.

The legislation also clarifies that claimants that have voluntarily left work to accompany their spouse, who is on active-duty service with the United States Armed Forces, will not be disqualified from receiving UC benefits. Financial eligibility and other requirements in the law must still be met to qualify for benefits.

The legislation repeals two sections of the Shared Work program that have been suspended by the Department of Labor and Industry since 2014. It also provides for more flexibility in the Shared Work program by basing the start date on when a plan was submitted by the employer instead of when the Department approves the plan.

A technical change is also made to the law to be consistent with the Federal Unemployment Tax Act.

FISCAL IMPACT: According to the Department of Labor and Industry, they estimate that the provision that permits certain employers to continue to receive an experienced-based unemployment tax rate would result in roughly 870 employers receiving refunds of approximately \$585,000 for calendar year 2022, which would be just 0.026% of the projected UC tax revenues of \$2.21 billion.

The remainder of the legislation would have no adverse fiscal impact on Commonwealth funds.

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: October 25, 2022

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