

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0797-01
Bill No.: HB 136
Subject: Unemployment Compensation; Military Affairs
Type: Original
Date: January 24, 2011

Bill Summary: Allows a spouse of an active member of the United States Armed Forces to be eligible for unemployment benefits if accompanying the military spouse in the event of a military transfer.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Unemployment Compensation Trust Fund	(\$1,029,657)	(\$994,958)	(\$906,473)
Total Estimated Net Effect on <u>All</u> Federal Funds	(\$1,029,657)	(\$994,958)	(\$906,473)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Labor and Industrial Relations (DOLIR)** assume that under the proposed legislation, individuals who quit work to relocate due to their spouses' military change of station would be eligible for unemployment benefits. If enacted, the projected payout amount from the trust fund is estimated to be 0.09% of total benefits paid, or \$1,029,657 in FY2012, \$994,958 in FY2013, and \$906,473 in FY2014. DOLIR assumes that 0.09% of total benefits will be paid to trailing military spouses. This percentage is based on the actual experience of Colorado, Florida, Kansas, Montana, and New Mexico (the only states with available data).

If this language is enacted as proposed, any unemployment benefits paid to the spouse would be chargeable to his/her employer for a separation that would not be attributable to the work or the employer. These additional benefit charges could result in a higher tax rate for that employer. The overall fiscal impact on these employers is unknown.

If specifically allowed by state law, the interpretation of the United States Department of Labor is that the non-charging of certain benefits is permissible where the employee's unemployment is the direct result of the worker's own actions or is beyond the direct or indirect control of the employer. In the event that state law allows certain benefits to be non-charged to a specific employer, the benefits are charged to a "pool" and the costs are spread among all employers.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
UNEMPLOYMENT COMPENSATION TRUST FUND			
<u>Cost - DOLIR</u>			
military spouse benefits paid	<u>(\$1,029,657)</u>	<u>(\$994,958)</u>	<u>(\$906,473)</u>
ESTIMATED NET EFFECT ON UNEMPLOYMENT COMPENSATION TRUST FUND			
	<u>(\$1,029,657)</u>	<u>(\$994,958)</u>	<u>(\$906,473)</u>

FISCAL IMPACT - Local Government

FY 2012
(10 Mo.)

FY 2013

FY 2014

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small businesses could be affected as a result of this proposal.

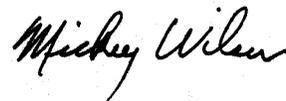
FISCAL DESCRIPTION

This act allows spouses who leave employment to follow their military spouses in the event of a military transfer, to qualify for unemployment compensation.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Labor and Industrial Relations



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Director
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