

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 1142** HLS 16RS 2542
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.: HB 941

Date: April 20, 2016 12:04 PM	Author: HORTON
Dept./Agy.: Workforce Commission	Analyst: Patrice Thomas
Subject: Unemployment Compensation For Military Spouses	

UNEMPLOYMENT COMP EG INCREASE OF EX See Note Page 1 of 1
 Provides for unemployment compensation for military spouses who resign employment to relocate pursuant to a permanent change of station order

Present law disqualifies an individual that voluntarily quits from receiving unemployment compensation benefits.

Proposed law provides an exception for spouses of active military service members that resign their employment in order to relocate with their spouse due to an order of permanent change of duty station.

Proposed law provides that benefits paid to military spouses shall be recouped as a social charge to all employers.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed legislation provides an exception to the unemployment insurance (UI) eligibility to allow spouses of military service members that resign their employment in order to relocate with their spouse due to an order of permanent change of duty station to receive UI benefits. Benefit payments are drawn from LA Unemployment Trust Fund within the United States Treasury, so there is no revenue impact on the LA Workforce Commission (LWC). As of 03/31/2016, the LA Unemployment Trust Fund balance was \$871.8 M.

Although an increase number of UI claims by military spouses are anticipated, it is speculative as to how many military spouses would apply for UI benefits based on being newly eligibility under this measure. All UI benefit payments to military spouses under this measure will be recouped as a social charge to all employers. Therefore, the impact on the unemployment tax rate will be minimal.

For illustrative purposes, based on UI claims data over the past 12 months, LWC has identified 10 individuals that filed a UI claim and were disqualified for voluntary separation of work because their spouse was relocated by the military. If the proposed law had been in effect during that time period, the maximum amount of benefits that would have been paid would have totaled \$64,220 for all ten individuals combined (\$247 max. weekly benefit x 26 week x 10 spouses). The social charge rate would increase from 11.02% to 11.05%.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules House

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| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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