

February 16, 2015

The Honorable Mark Hutton, Chairperson
House Committee on Commerce, Labor and Economic Development
Statehouse, Room 521-E
Topeka, Kansas 66612

Dear Representative Hutton:

SUBJECT: Fiscal Note for HB 2261 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2261 is respectfully submitted to your committee.

HB 2261 would set the maximum weekly unemployment insurance (UI) benefit at \$474 per week beginning on July 1, 2015, through December 31, 2017. The bill would require the Secretary of Labor to present a recommendation to adjust the maximum weekly UI benefit to the Speaker of the House and the President of the Senate every three years beginning on January 1, 2017, and the Legislature would set the new benefit rate that would go into effect the following year. The recommendation to adjust the maximum weekly UI benefit would consider the average weekly wages paid to employees in insured work during the previous fiscal year; the average duration of unemployment claims; and the ratio of the average weekly benefit amount to average weekly wages. The bill would reduce unemployment taxes that employers are required to pay into the Employment Security Trust Fund to finance UI benefits.

The Department of Labor estimates that HB 2261 would decrease unemployment taxes that employers pay by approximately \$166.0 million in calendar year 2016. The Department estimates the balance in the Employment Security Trust Fund would be reduced from \$473,244,011 to \$307,255,404 at the end of calendar year 2016. The Department indicates that UI benefit payments fluctuate with the approval of the maximum weekly UI benefit rate and the health of the economy. The maximum weekly UI benefit rate is not currently set for calendar year 2016 and setting the maximum weekly (UI) benefit at the current maximum benefit rate of \$474 is not expected to have fiscal effect on the amount of UI benefits that are paid out. Any fiscal effect associated with HB 2261 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Dawn Palmberg, Department of Labor
Jack Smith, Department of Revenue