

FISCAL NOTE
Requested by Legislative Council
01/11/2021

Bill/Resolution No.: HB 1278

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$4,721,519	\$0	\$4,721,519
Expenditures	\$0	\$0	\$0	\$38,496	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Provides eligibility for Unemployment Insurance for military spouses quitting a job to move due to a military transfer. Section 1 provides the eligibility & Section 2 provides a 12 week limit on benefits. Section 1 results in employer tax rate increases and Section 2 results in IT programming costs.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 provides for increased expenditure of benefit payments from the UI Trust Fund. These benefit payments will result in increased tax rates for state employers. Two scenarios are provided due to potential federal conformity concerns with Section 2 of the bill. The scenarios provide costs based upon the Section 1 impacts with Section 2 included and Section 1 without Section 2 included.

Section 2 technology programming costs: \$38,496. These costs are the result of programming activities required of the mainframe system, the web application, and the IVR phone system.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Revenues noted below are based off of increased taxes collected from all the employers statewide. The scenarios utilized in the expense portion of this fiscal note were utilized to calculate revenues. JSND did assume that language will be included to non-charge the specific employer from whom the claimant quit, and that charges would be spread across the entire employer pool. These revenues would be placed into the Unemployment Insurance Trust Fund and could only be used for the payment of benefits to individuals, no administrative or other uses are allowed.

Section 1 with Section 2 included:

- Additional Yearly Taxes Collected Statewide (Base provided spouse numbers, 12 weeks duration, average WBA): \$2,982,012.00

- Additional Taxes Collected Statewide for Base Closure (Base provided spouse numbers, 12 weeks duration, average WBA): \$6,709,527.00

Section 1 without Section 2:

- Additional Yearly Taxes Collected Statewide if Section 2 is non-conforming (Base provided spouse numbers, 19 weeks duration, average WBA): \$4,721,519.00

- Additional Taxes Collected Statewide for Base Closure Costs if Section 2 is non-conforming (Base provided spouse numbers, 19 weeks duration, average WBA): \$10,623,417.75

- Additional Taxes Collected Statewide for Base Closure Benefit Costs if Section 2 is non-conforming Worst Case (Base provided spouse numbers, 26 weeks duration, Max WBA): \$21,388,224.00

It should be noted that these calculations are based off of the two primary active duty military bases in Minot and Grand Forks. If Guard and Reserve members are included for temporary or permanent assignments, the numbers provided above will need to be adjusted.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

No additional FTE would be required as a result of bill passage. Expenditures noted in Section 1 would be benefit costs paid to unemployed individuals and would come from the Unemployment Insurance Trust fund. The tax rate increases are based off of pool charging all benefit charges resulting from eligibility based upon this measure. JSND did assume that language will be included to non-charge the specific employer from whom the claimant quit, and that charges would be spread across the entire employer pool. Expenditures noted in Section 2 relate to technology programming costs and would come from the Unemployment Insurance Administrative Grant provided by the USDOL unless the state provided General Funds to cover the costs.

Section 1 with Section 2 included:

- Yearly Benefit Costs (Base provided spouse numbers, 12 weeks duration, average WBA): \$2,982,012.00
- Percentage tax increase for state employers: 0.0298%
- Additional yearly costs per employee: \$11.47
- Additional yearly costs for employer with ten employees: \$114.73

- Base Closure Benefit Costs (Base provided spouse numbers, 12 weeks duration, average WBA): \$6,709,527.00
- Percentage tax increase for state employers: 0.0671%
- Additional yearly costs per employee: \$25.83
- Additional yearly costs for employer with ten employees: \$258.30

Section 1 without Section 2:

- Yearly Benefit Costs if Section 2 is non-conforming (Base provided spouse numbers, 19 weeks duration, average WBA): \$4,721,519.00
- Percentage tax increase for state employers: 0.0472%
- Additional yearly costs per employee: \$18.17
- Additional yearly costs for employer with ten employees: \$181.72

- Base Closure Costs if Section 2 is non-conforming (Base provided spouse numbers, 19 weeks duration, average WBA): \$10,623,417.75
- Percentage tax increase for state employers: 0.1062%
- Additional yearly costs per employee: \$40.90
- Additional yearly costs for employer with ten employees: \$408.99

- Base Closure Benefit Costs if Section 2 is non-conforming - Worst case scenario and extremely unlikely to Occur as all claimants would have to receive the maximum WBA and remain unemployed for 26 weeks (Base provided spouse numbers, 26 weeks duration, Max WBA): \$21,388,224.00
- Percentage tax increase for state employers: 0.2139%
- Additional yearly costs per employee: \$82.34
- Additional yearly costs for employer with ten employees: \$823.45

It should be noted that these calculations are based off of the two primary active duty military bases in Minot and Grand Forks. If Guard and Reserve members are included for temporary or permanent assignments, the numbers

provided above will need to be adjusted.

Section 2 technology programming costs: \$38,496. These costs are the result of programming activities required of the mainframe system, the web application, and the IVR phone system. If Section 2 were to be found non-conforming, they would be reduced significantly.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

No appropriation is necessary.

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