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FISCAL IMPACT STATEMENT

LS 6845
BILL NUMBER: HB 1207

NOTE PREPARED: Dec 27, 2010
BILL AMENDED:

SUBJECT: Unemployment Compensation and Drug Testing.

FIRST AUTHOR: Rep. Ubelhor
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that an individual who is otherwise qualified for unemployment compensation benefits is disqualified for benefits upon a report to the Department of Workforce Development (DWD) by a prospective employer that the individual was found to have had a positive postoffer or preemployment drug test.

The bill requires DWD to adopt rules concerning positive preemployment drug tests reported to the department. It also repeals an outdated reference.

Effective Date: July 1, 2011.

Explanation of State Expenditures: DWD could incur some minor expenses with the promulgation of rules concerning reported positive preemployment drug tests. The impact would probably be minor.

The impact on the state would be as an employer and also as the administrator of the Unemployment Insurance Trust. The state is a self-insurer. The state pays and then reimburses the trust for claim payments made, so a reduction in claims is a direct reduction in costs.

The bill could also reduce expenditures from the Unemployment Insurance Trust if benefits are disqualified due to the claimant having a positive preemployment drug test. A reduction in the claims on an employer's account would decrease the claims to the account and increase their experience account balance and could reduce the employer rate in future years. The impact would depend on the number of claims that were disqualified.

Background: The state paid about \$4.6 M in FY 2010, \$4.1 M in FY 2009, and \$4.1 M in FY 2008 to the Unemployment Insurance Trust Fund as an employer.

The trust fund paid about \$1 B in CY 2010, \$1.9 B in CY 2009, and \$1 B in CY 2008 for unemployment benefits.

Explanation of State Revenues:

Explanation of Local Expenditures: The impact on local units would be as an employer and possible reduction in unemployment insurance claims.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources:

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