

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7272

BILL NUMBER: HB 1489

NOTE PREPARED: Jan 6, 2011

BILL AMENDED:

SUBJECT: Unemployment Contribution Rates.

FIRST AUTHOR: Rep. Friend

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill delays from January 1, 2011, to January 1, 2012, changes in the taxable wage base and employer contribution rates for the Unemployment Compensation System.

Effective Date: January 1, 2011 (retroactive).

Explanation of State Expenditures: The impact on the state as an employer would be zero since the state is a self-insurer.

Explanation of State Revenues: The bill would keep the taxable wage base at the first \$7,000 of wages and use the experience schedules used in CY 2010 for 2011. The bill would reduce revenue into the Unemployment Trust Fund by about \$308.6 M for CY 2011 (from about \$845.5M to \$536.9 M).

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 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.

The federal loans to the state for unemployment benefits totaled \$1.95 B on December 30, 2010.

Explanation of Local Expenditures: The bill could reduce local units' unemployment expenses.

Explanation of Local Revenues:

State Agencies Affected: Department of Workforce Development.

Local Agencies Affected: All.

Information Sources: Department of Workforce Development rating model.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.