HB 542-FN - AS INTRODUCED

2025 SESSION

25-0379
05/06

HOUSE BILL ***542-FN***

AN ACT relative to weekly benefit amounts for unemployment compensation.

SPONSORS: Rep. MacKenzie, Hills. 40; Sen. Long, Dist 20; Sen. Perkins Kwoka, Dist 21

COMMITTEE: Labor, Industrial and Rehabilitative Services

ANALYSIS

This bill updates the weekly benefit amount for total unemployment and the maximum total amount of benefits payable during any benefit year.

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Explanation: Matter added to current law appears in ***bold italics.***
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Five

AN ACT relative to weekly benefit amounts for unemployment compensation.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 Unemployment Compensation; Weekly Benefit Amount; Maximum Total Amount of Benefits. RSA 282-A:25 is repealed and reenacted to read as follows:

282-A:25 Weekly Benefit Amount for Total Unemployment and Maximum Total Amount of Benefits Payable During any Benefit Year. The maximum weekly benefit amount and maximum benefits payable to an eligible individual, whose benefit year begins on or after the effective date of this section, shall be determined by the individual's annual earnings. In each of 2 calendar quarters, the individual must have earned not less than $1,400, as follows:

Annual Earnings of Not Less Than	Maximum Weekly Benefit Amount	Maximum Benefits
$2,800	32	$832
3100	35	910
3400	39	1014
3900	45	1170
4200	48	1248
4500	52	1352
4800	55	1430
5100	59	1534
5600	64	1664
6100	69	1794
6600	75	1950
7000	80	2080
7400	83	2158
7800	88	2288
8200	92	2392
8600	96	2496
9000	101	2626
9500	105	2730
10000	110	2860
10500	115	2990
11000	120	3120
11500	126	3276

1	12500	137	3562
2	13500	148	3848
3	14500	159	4134
4	15500	167	4342
5	16500	178	4628
6	17500	188	4888
7	18500	199	5174
8	19500	206	5356
9	20500	217	5642
10	21500	227	5902
11	22500	238	6188
12	23500	249	6474
13	24500	254	6604
14	25500	265	6890
15	26500	275	7150
16	27500	286	7436
17	28500	290	7540
18	29500	301	7826
19	30500	311	8086
20	31500	321	8346
21	32500	331	8606
22	33500	342	8892
23	34500	352	9152
24	35500	362	9412
25	36500	372	9672
26	37500	383	9958
27	38500	394	10244
28	39500	405	10530
29	40500	416	10816
30	41500	427	11102
31	42500	437	11362
32	44500	458	11908
33	46500	478	12428
34	48500	499	12974
35	50000	514	13364
36	52000	535	13910
37	54000	556	14456

56000	576	14976
58000	597	15522
60000	617	16042
62500	643	16718
65000	669	17394

2 Effective Date. This act shall take effect 60 days after its passage.

LBA
25-0379
Revised 2/4/25

HB 542-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to weekly benefit amounts for unemployment compensation.

FISCAL IMPACT: This bill does not provide funding, nor does it authorize new positions.

Estimated State Impact				
	FY 2025	**FY 2026**	**FY 2027**	**FY 2028**
Revenue	$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Revenue Fund(s)	Unemployment Trust Fund			
Expenditures*	$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Funding Source(s)	Unemployment Trust Fund			
Appropriations*	$0	$0	$0	$0
Funding Source(s)	None			

***Expenditure = Cost of bill** ***Appropriation = Authorized funding to cover cost of bill**

Estimated Political Subdivision Impact				
	FY 2025	**FY 2026**	**FY 2027**	**FY 2028**
County Revenue	$0	$0	$0	$0
County Expenditures	$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Local Revenue	$0	$0	$0	$0
Local Expenditures	$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase

METHODOLOGY:

This bill updates the weekly benefit amount for total unemployment and the maximum total amount of benefits payable during any benefit year.

The Department of Employment Security indicates the bill would amend the table at RSA 282-A:25 by adding 12 new weekly benefit amounts along with associated new annual earnings increments to the existing table. The new benefits would range from a $437 weekly benefit amount for someone earning not less than $42,500 in their four-quarter base period preceding the filing for unemployment benefits to a $669 weekly benefit amount for someone earning not less than $65,000. As a result some claimants would see an increase in their unemployment compensation benefit amounts. Currently, any claimant eligible for benefits earning of at least

$41,500 in their base period, qualifies for a weekly benefit of $427. This has been the maximum weekly benefit amount in New Hampshire since 2007. The Department provided the following information:

- During calendar year 2023, there were 11,407 individuals paid UC benefits and 6,588, or 58%, qualified for and were paid the $427 maximum weekly benefit amount. The average base period earnings for claimants qualifying for the $427 benefit in 2023 was $86,359. This weekly benefit of $427 represented a 26% wage replacement rate for these individuals.
- If this bill had been in place for calendar year 2023, total UC benefit payments would have increased by $10,015,774, or 28%, going from $35,846,856 to $45,862,630.
- In calendar year 2024, there were 13,112 individuals that were paid UC benefits and 8,425, or 64% of them, qualified for and were paid the $427 maximum weekly benefit amount. The average base period earnings for claimants qualifying for $427 in 2024 was $88,563. The weekly benefit amount of $427 represented a 25% wage replacement rate for these individuals.
- If the bill had been in effect for calendar year 2024, total UC benefit payments would have increased by $14,678,438, or 31%, going from $47,272,629 to $61,951,067.

The Department indicates the bill would impact New Hampshire employers in the following ways.

- The first relates to UC benefits paid to employees of "reimbursable" employers who will have to reimburse the Unemployment Compensation Trust Fund (the Trust Fund) dollar for dollar for benefits paid. The State and all county and municipal entities (except those that elect pay quarterly taxes) are "reimbursable employers." Instead of paying quarterly taxes, the State, and other political subdivisions, pay into the Trust Fund an amount equivalent to the amount of UC benefits paid to claimants during their benefit year proportional to the wages in the base period that were paid by these political entities. The proposed increase in benefit payments to individuals in the table at RSA 282-A:25 will directly affect these reimbursable entities in their capacity as employers by each additional dollar of benefits paid.
- The second potential fiscal impact relates to employer tax rates. All for-profit employers are treated as taxable employers and are required to pay quarterly contributions to the Trust Fund based upon an earned tax rate applied against a fixed taxable wage base per employee of $14,000 in annual wages. The earned tax rate is set by statutory tax tables, but the determination of where an employer fits within the tables is based upon a risk assessment of each employer which compares total taxes paid by the employer against total benefits paid by the Department to the employer's former employees, all compared

against current total annual wages paid. The less benefits paid to an employer's former employees and more in taxes previously paid results in a lower earned tax rate. The more benefits paid to an employer's former employees results in a higher earned tax rate. An increase in the amount of UC benefits paid, could then cause a corresponding increase in employer earned tax rates, thus increasing the amount of unemployment taxes paid by taxpaying employers.

- A third potential fiscal impact to employer tax rates involves the statutory solvency triggers that determine when employer tax rates are decreased as the balance in the Trust Fund reaches certain milestones. Currently, new employers start out with an earned tax rate of 2.7%. The current statutory solvency triggers cause a reduction of 0.5% to the earned tax rates of all positive rated employers if the Trust Fund balance equals or exceeds $250 million for an entire calendar quarter. If the Trust Fund balance equals or exceeds $350 million for an entire calendar quarter, then positive rated employers receive a reduction of 1.0% to their earned tax rate. Finally, if the Trust Fund balance equals or exceeds $400 million for every day of an entire calendar quarter, the positive rated employers receive a reduction of 1.5% to their earned tax rate. These reductions are referred to as Fund Balance Reductions (FBRs).

The current FBR in effect is 1.0% as the Trust Fund is currently at about $390 million and has equaled or exceeded $350 million but has not equaled or exceeded $400 million. The impact on the new employer starting at an earned tax rate of 2.7% would be a reduction to 1.7%. Again, it is this earned tax rate at which the employer's tax obligation is determined as applied to the first $14,000 in annual wages paid per employee. This new employer would pay $238 per year per employee according to the current FBR in effect. The potential impact of the proposed legislation would be felt if benefit amounts were to be increased. Then disbursements from the Trust Fund would increase. As disbursements from the Trust Fund increase, the balance of the Trust Fund would fall, making it harder and less likely to meet the balance thresholds triggering FBRs to reduce employer tax rates.

The Department states the currently, tax paying employers that are beyond their first anniversary date, pay at an average tax rate of 0.61%. This represents a UC tax of $85 per employee per year. This average tax rate is as low an average tax rate as paid by New Hampshire employers going back 30 years and is currently the lowest UC tax burden in the northeast and the 3rd lowest UC tax burden in the country.

In order to gauge the possible impact of this proposal on future years and not just look at what the impact would have been on prior years, economists within the Department's Economic and Labor Market Information Bureau (ELMI) are preparing projections for the performance of the

UC Trust Fund during economic downturns of various degrees to gauge how the Trust Fund would perform under the proposal and whether the Trust Fund would remain solvent. The Department will model these "stress test" scenarios using the modest recession from the early 2000s when the New Hampshire unemployment rate peaked at 4.5% and will also model the Trust Fund using a more severe economic downturn like that experienced during the Great Recession when New Hampshire's unemployment rate peaked at 6.5%. The Department will provide the results of this modeling as soon as it is available.

It is assumed that any fiscal impact would occur after FY 2025.

AGENCIES CONTACTED:

Department of Employment Security