HB 1522-FN - AS INTRODUCED

2024 SESSION

24-2596
12/10

HOUSE BILL ***1522-FN***

AN ACT relative to weekly benefit amounts for unemployment compensation.

SPONSORS: Rep. MacKenzie, Hills. 40

COMMITTEE: Labor, Industrial and Rehabilitative Services

ANALYSIS

This bill updates the weekly benefit amount for total unemployment and 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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

24-2596
12/10

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Four

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 RSA 282-A:25 is repealed and reenacted to read as follows: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, the first day of whose individual benefit year is on or after the effective date of this paragraph, shall be determined by the individual's annual earnings, of which 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	$38	$988
3100	41	1066
3400	45	1170
3900	53	1378
4200	56	1456
4500	61	1586
4800	65	1690
5100	69	1794
5600	75	1950
6100	81	2106
6600	88	2288
7000	94	2444
7400	98	2548
7800	103	2678
8200	108	2808
8600	113	2938
9000	119	3094
9500	123	3198
10000	129	3354
10500	135	3510
11000	142	3692

1	11500	148	3848
2	12500	161	4186
3	13000	168	4368
4	13500	174	4522
5	14000	227	5902
6	14500	187	4862
7	15500	196	5103
8	16500	209	5434
9	17500	215	5590
10	18500	221	5746
11	19500	227	5902
12	20500	255	6630
13	21500	267	6942
14	22500	278	7228
15	23500	293	7618
16	24500	298	7748
17	25500	311	8086
18	26500	323	8398
19	27500	336	8736
20	28500	341	8866
21	29500	354	9204
22	30500	365	9490
23	31500	377	9802
24	32500	388	10088
25	33500	402	10452
26	34500	414	10764
27	35500	425	11050
28	36500	437	11362
29	37500	450	11700
30	38500	463	12038
31	39500	476	12376
32	40500	489	12714
33	41500	502	13052
34	42500	516	13416
35	43500	528	13728
36	44500	541	14066
37	45500	555	14430

46500	568	14768
47500	581	15106
48500	593	15418
49500	606	15756
50500	619	16094
51500	632	16432
52500	640	16640
53500	648	16848
54500	657	17082
55500	712	18512
56500	720	18720
57500	728	18928
55500	737	19162
56500	745	19370
57500	753	19578

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

LBA
24-2596
12/6/23

HB 1522-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to weekly benefit amounts for unemployment compensation.

FISCAL IMPACT: [X] State [X] County [X] Local [ ] None

Estimated State Impact - Increase / (Decrease)				
	FY 2024	**FY 2025**	**FY 2026**	**FY 2027**
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			

- Does this bill provide sufficient funding to cover estimated expenditures? [X] N/A
- Does this bill authorize new positions to implement this bill? [X] N/A

Estimated Political Subdivision Impact - Increase / (Decrease)				
	FY 2024	**FY 2025**	**FY 2026**	**FY 2027**
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 changes the weekly benefit amount for total unemployment and maximum total amount of benefits payable during any benefit year. The Department of Employment Security indicates this bill would amend the table at RSA 282-A:25 in three ways:

1) Increases the maximum weekly benefit amount (WBA) and the maximum benefit amount corresponding to an individual's annual earnings at all increments in the existing table. This would increase the State Unemployment Compensation (UC) benefit entitlement at all increments. The maximum benefit is equal to the WBA multiplied by 26.

2) Adds two new annual earnings increments to the existing table for annual earnings not less than $13,000 and annual earnings not less than $14,000 and includes the corresponding WBA and maximum benefit amounts.

3) Adds 19 new annual earnings increments to the existing table from $42,500 to $57,500. The corresponding WBA for these steps ranges from $516.00 to $753.00, and the corresponding maximum benefit amount ranges from $13,416 through $19,578.

The Department states individuals claiming benefits will see an increase in their UC benefit amounts. The Department offers the following information regarding the fiscal impact to employers:

Reimbursable Employers.

These employers reimburse the unemployment trust fund dollar for dollar for UC benefits paid to their former employees. By statute, the State, counties and municipal entities are reimbursable employers and, instead of paying quarterly taxes, pay the Trust Fund an amount equal to the UC benefits paid to claimants. The proposed increase in benefit payments in the table at RSA 282-A:25 will directly affect these reimbursable entities by each additional dollar of benefits paid. (Political subdivisions may, by election, choose to pay quarterly taxes rather than reimburse the fund for benefits paid.)

Taxable Employers

Taxable employers pay quarterly contributions to the Trust Fund based on 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. The employers tax rate in the table is based upon a risk assessment considering the total taxes paid by the employer, the total benefits paid by the Department to the employer's former employees, and the employer's current total annual wages paid. Lower benefits paid to an employer's former employees and more in taxes previously paid results in a lower earned tax rate. Higher benefit amounts paid to an employer's former employees results in a higher earned tax rate. By increasing the amount of UC benefits paid, this bill could cause a corresponding increase in employer earned tax rates, and increase the amount of unemployment taxes paid by taxable employers.

Statutory Solvency Triggers.

Statutory solvency triggers 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 solvency triggers cause reductions 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,
- 1.0% if the Trust Fund balance equals or exceeds $350 million for an entire calendar quarter and,

- 1.5% if the Trust Fund balance equals or exceeds $400 million for every day of an entire calendar quarter.

These reductions are referred to as Fund Balance Reductions (FBRs). The current FBR in effect is 1.0% as the Trust Fund has equaled or exceeded $350 million. Currently, the impact on a new employer starting with an earned tax rate of 2.7% would be a reduction to 1.7%. It is this earned tax rate which determines the employer's tax obligation when applied to the first $14,000 in annual wages paid per employee. The impact of this bill would be felt as benefit amounts were increased and disbursements from the Trust Fund increased. As disbursements from the Trust Fund increase, the balance of the Trust Fund falls, thus making it less likely to meet the balance thresholds triggering the FBRs which reduce employer tax rates. The tax rates would need to be higher in order to sustain a balance in the Trust Fund considered necessary to meet solvency standards.

Regarding the fiscal impacts to employer tax rates and trust fund solvency caused by an increase in weekly UC benefits as proposed, the Department continues to analyze this bill against historical claim trends in order to try to determine a range of impacts on future balances in the State's Trust Fund. The Department will supplement this fiscal information as soon as this analysis is complete and submit the analysis to the Office of Legislative Budget Assistant.

It is assumed that any fiscal impact would occur after FY 2024.

AGENCIES CONTACTED:

Department of Employment Security