

This bill expands range of the Unemployment Insurance rate from 0.2 - 8.0 percent to 0.1 - 8.1 percent. Changes in the reserve rate and calculation method will effect a reduction for all employers paying this insurance at the contributory rate.

The provisions of this bill will reduce income to the Employment Compensation Fund estimated by approximately \$26,500,000 per year. After the reductions, sufficient revenue and reserves will be available to satisfy the requirements of the Fund.

A one-time appropriation of \$52,500 from the Employment Security Administration Fund will be required to execute this bill.

	<u>FY 01 Approp.</u>	<u>FY 02 Approp.</u>	<u>FY 01 Revenue</u>	<u>FY 02 Revenue</u>
Unemploy.Insur. Trust	\$0	\$0	(\$26,500,000)	(\$27,600,000)
Employment Security Admin	\$52,500	\$0	\$0	\$0
TOTAL	<u><u>\$52,500</u></u>	<u><u>\$0</u></u>	<u><u>(\$26,500,000)</u></u>	<u><u>(\$27,600,000)</u></u>

Individual and Business Impact

This bill could reduce employer's employment insurance rate up to 50 percent. The average rate reduction is estimated to be 30 percent. An employer currently paying a rate of 4.0 percent of the salary could see that rate reduced by 30 percent to 2.8 percent. On a salary of \$20,000, this reduction would save approximately \$240 per year. Rates will vary between employers ranging from 0.1 percent to 8.1 percent.

The bill also increases the maximum weekly benefit paid to claimants by an average of \$28.00 per week. Claimant receive benefits for an average of 12 weeks. These benefit costs will be paid from the Unemployment Compensation Fund.
