

**Local Mandate Fiscal Impact Estimate
Kentucky Legislative Research Commission
2015 Regular Session**

Part I: Measure Information

Bill Request #: 212

Bill #: HB 150 GA

Bill Subject/Title: AN ACT relating to unemployment insurance for military spouses.

Sponsor: Representative Cluster Howard

Unit of Government: City County Urban-County
 Charter County Consolidated Local Unified Local
Government

Office(s) Impacted: All

Requirement: Mandatory Optional

Effect on Powers & Duties: Modifies Existing Adds New Eliminates Existing

Part II: Purpose and Mechanics

HB 150 GA would amend KRS 341.370 to allow an employee to qualify for unemployment benefits if the employee voluntarily leaves employment to accompany his or her spouse who has been reassigned by the military to a different state, military base or duty station that is at least 100 miles from the employee’s current home. Current law allows these benefits only if the spouse is reassigned to a different state and if the other state provides similar benefits.

Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

The fiscal impact of HB 150 GA on local government is expected to be a minimal increase in costs.

Local governments would be impacted only to the extent that the local government employs the spouse of a reassigned military service person.

An employee in this situation who moves out of state to accompany a reassigned spouse would already be covered under current law, if the other state provides similar benefits. Since HB 150 GA would require local governments to pay unemployment benefits to the

moving employee/spouse even if the other state does not provide a similar benefit, there would be a minimal increase in such benefits paid by Kentucky local government employers.

The largest number of employees to whom the proposed change in HB 150 GA would apply are employees whose spouses are currently stationed at Ft. Campbell or Ft. Knox who are transferred to the other base (still assigned within Kentucky). Another smaller potential group would be employees who are spouses of military persons stationed in Kentucky but not at Ft. Campbell or Ft. Knox, who are assigned to a new duty station. The Kentucky Department of Military Affairs has previously indicated that the entire group of employees whose spouses would be impacted based on this proposed change would be small. Of that group, those who are employed by local or municipal governments would be smaller yet.

The fiscal impact on local governments of HB 150 GA would be negative and minimal, and would occur only to the extent that any unemployment benefits paid to a claimant/spouse result in an increase in the unemployment compensation expense of the local government. Most local governments utilize a “reimbursement” account for unemployment insurance claims, where the locality pays to the unemployment trust fund any amount the trust fund paid on its behalf in the form of unemployment benefits. A smaller number of local governments utilize an unemployment compensation account similar to that used by most businesses, where a contribution rate is determined based on the claims “experience” of the local government.

A local government using the “reimbursement” method would be liable immediately for any expenses incurred for unemployment compensation paid. A local government using the “experience” method may see an increase in its unemployment tax rate, and incur a corresponding increase in unemployment expense if its tax rate increases.

Data Source(s): Cabinet for Education and Workforce Development, LRC Staff

Preparer: Mary Stephens **Reviewer:** JWN **Date:** 2/3/16