## Local Government Mandate Statement Kentucky Legislative Research Commission 2021 Regular Session

**Part I: Measure Information** 

Bill Request #: 965	
Bill #: HB 413 GA	
<b>Document ID #:</b> 5752	
Bill Subject/Title: _	AN ACT relating to unemployment insurance
Sponsor: Representative Russell Webber	
Unit of Government:	X City X County X Urban-County Unified Local
	X Charter County X Consolidated Local X Government
Office(s) Impacted:	local government employers that contribute to a resserve account within the Commonwealth's unemployment insurance fund, maintained by the Education and Workforce Development Cabinet.
Requirement:	Mandatory Optional
Effect on Powers & Duties:	Modifies Existing Adds New Eliminates Existing
Part II. Bill Provisions and the Estimated Fiscal Impact Relating to Local	

## Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

HB 413 GA would amend various statutes that address unemployment insurance as follows:

- Section 2 would amend KRS 341.030 to suspend the taxable wage base increase for Calendar Years (CYs) 2021 and 2022 and use the 2020 taxable wage base;
- 2. Section 3 would amend KRS 341.270 to provide that, for CYs 2021 and 2022, the employer contribution rates to their unemployment insurance fund reserve account would be as in Schedule A of Table A in KRS 341.270, which are the lowest rates of employer contribution;
- 3. Section 4 would amend KRS 341.530 to provide that unemployment benefits payable related to a state or federal emergency or disaster declaration would be paid from the unemployment insurance fund pooled account and not from an employer's reserve account; and

4. Section 5 – would amend KRS 341.614 to provide there would be no unemployment administration account surcharge assessment for CYs 2021 and 2022.

The bill would become effective on its passage and would be retroactive to March 6, 2020.

The Kentucky Association of Counties (KACO) reports that KACO and its participating members are a reimbursing unemployment insurance account and do not contribute to the state's pooled account. KACO also sets its own taxable wage base and premium calculations for its members. For these reasons **HB 413 GA would have no fiscal impact on KACO's participating members.** 

The Kentucky League of Cities (KLC) reports that HB 413 GA would have a **minimal positive fiscal impact on many cities** by mandating use of the Table A rates instead of the higher Table E rates to calculate employers' reserve account contribution rates. KLC cautions, though, that the short-term savings would likely be offset by long-term cost increases to the unemployment insurance fund that would not be paid for by federal assistance. Any underfunding in the short term will likely need higher rates in the future to make up the difference. The average city reporting any amount of payroll would save a little more than \$3,500 annualized by using Table A instead of Table E (assuming a 1.1% difference between the rates on each table). Louisville and Lexington could save hundreds of thousands of dollars; though, without knowing what they currently pay the exact benefit cannot be calculated.

## Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II, above, pertains to the GA version. The GA version is the same as the bill as introduced. No amendments or substitutes were adopted when the bill passed its chamber of origin.

 Data Source(s):
 LRC staff; Kentucky Association of Counties; Kentucky League of Cities

 Preparer:
 Mary Stephens

 Reviewer:
 KHC

 Date:
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