



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:** 2/26/21