

February 26, 2016

The Honorable Julia Lynn, Chairperson
Senate Committee on Commerce
Statehouse, Room 445-S
Topeka, Kansas 66612

Dear Senator Lynn:

SUBJECT: Fiscal Note for SB 433 by Senator Haley

In accordance with KSA 75-3715a, the following fiscal note concerning SB 433 is respectfully submitted to your committee.

SB 433 would amend the state's Employment Security Law. First, the bill would provide for payment of unemployment insurance (UI) benefits for the initial waiting week after the claimant has received UI benefits for three consecutive weeks. Second, the bill would reinstate the voluntary quit exemption for unemployment for all spouses required to leave their employment because of a spouse's transfer.

Estimated State Fiscal Effect				
	FY 2016 SGF	FY 2016 All Funds	FY 2017 SGF	FY 2017 All Funds
Revenue	--	--	--	--
Expenditure	--	--	--	\$8,233,752
FTE Pos.	--	--	--	--

The Department of Labor estimates SB 433 would increase UI benefit payments by \$8,233,752 in FY 2017 from the Employment Security Trust Fund. Payment of the additional benefits for the waiting week is estimated to cost \$7.5 million per year, and the trailing spouse would require payment of \$733,752. Results would be similar in future fiscal years depending on the level of unemployment. To finance these additional benefits to UI claimants it is likely that the assessment imposed on all employers that finance the Employment Security Trust Fund would eventually have to be increased to ensure that the fund remains at sufficient levels.

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The bill would require the Department of Labor to update forms and instructions, train staff, and modify the UI benefits computer system; however, the costs are estimated to be negligible and could be absorbed within existing resources. The required programming for this bill by itself would be performed by existing staff of the Department of Labor. However, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, expenditures for outside contract programmer services beyond the Department's current budget may be required.

The Department of Revenue estimates that the bill would increase State General Fund revenues from the additional unemployment benefits that would be subject to the individual income tax; however, the Department estimates the additional State General Fund revenue would be negligible. Any fiscal effect associated with SB 433 is not reflected in *The FY 2017 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a long horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Dawn Palmberg, Department of Labor
Jack Smith, Department of Revenue