

STATEMENT OF PURPOSE

RS28130 / H0076

Amend five sections (three subsections of 72-1366) of Chapter 13, Title 72, Idaho Code to:

72-1304 - Define custom farming as "agricultural employment."

72-1319 (2) - Reduce the time frame new employers need to pay taxes before qualifying for a reduced unemployment insurance tax rate.

72-1328(2)(c) - Separate a reference to a 'cafeteria plan' and an 'annuity plan.'

72-1366(4)(a) - Establish a two-week cap on the weeks a claimant can receive benefits after becoming ill.

72-1366(4)(c) - Eliminate references to part-time workers, making them no longer eligible for unemployment insurance benefits.

72-1366 (8) - Eliminate the need for training instructors to sign off on continued claim reports.

72-1369(7) - Correct and reinstate the director's authority to waive all or part of fraud or civil penalties and benefit disqualification for over-payments when the director deems the waiver in the best interest of the department.

FISCAL NOTE

The following amendments represent no fiscal impact on the Idaho State General Fund. No general fund dollars are used to pay unemployment benefits or administer the collection of unemployment insurance taxes. Any potential fiscal impact; neutral, positive or negative, will be on Idaho's Unemployment Insurance Trust Fund, which is the repository for unemployment insurance taxes paid by Idaho employers and serves as the source of regular unemployment insurance benefits paid to laid off employees.

72-1304 - The fiscal impact to the Idaho Unemployment Insurance Trust Fund is neutral. The proposed amendments streamline business practices for an average of less than 10 employers per year in this category. At current tax rates, each employer affected by this initiative may contribute up to a maximum of \$15 per employee per year into revenue to the fund. Paying and collecting per employee UI tax contributions costs more than \$15 to administer, for both the employers and the department.

72-1319(1)(2) - If enacted, the impact on the Idaho Unemployment Insurance Trust Fund will be neutral. Amending this section of code will expedite the process of classifying an employers' experience-rating. Active employer accounts created by June 30 of the preceding year, and prior to the cut-off date of the new tax rate computation, shall be eligible for a reduced experience-rate and will allow an average of 5,000 more employers each year to become experience-rated. Under state and federal code, employers must build up their unemployment insurance experience rate for a full year before being allowed a reduce tax rate and must remain in the system for up to two full years before becoming eligible for tax discounts. Reclassifying employers at the one-year mark reduces the tax burden on newer accounts. While reduced tax rates produce less revenue for the trust fund, employers are subject to an annual account review which results in the appropriate tax rates for the following years.

72-1328 (2)(c) - Amending this section of code represents no impact to the Idaho Unemployment Trust Fund. The proposed language simply separates and clarifies the nonexistent relationship between a cafeteria plan and an annuity plan.

DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).

72-1366 (4)(a) - If enacted, the fiscal impact on the Idaho Unemployment Insurance Trust Fund will result in a positive cost savings of \$150,000 to the fund due to a two-week cap on the number of weeks a claimant can receive unemployment benefits after becoming ill.

72-1366(4)(c) - If enacted, this change represents a positive cost savings of \$100,000 to the Idaho Unemployment Insurance Trust Fund because the proposed changes eliminate references to part-time workers, allowing only people willing to work full time to remain eligible for unemployment benefits.

72-1366(8) - Changes to this section represent no impact to the Idaho Unemployment Trust Fund because the proposed language simply reduces a reporting burden on training instructors, which is currently duplicated by a case worker.

72-1369(7) - If enacted, the proposed amendments to this section reinstate the director's authority to waive certain penalties for fraudulent activity and remain in compliance with federal law. Therefore, department officials anticipate there will be no negative fiscal impact on the Idaho Unemployment Insurance Trust Fund.

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