

REVISED

STATEMENT OF PURPOSE

RS31014 / H0428

This legislation adjusts the desired fund size multiplier from 1.3 to 1.2 to temper the increase in unemployment insurance tax rates for calendar year 2024 (Idaho Code 72-1350(3)). Without adjusting the multiplier, a large tax increase would normally occur after three years of frozen tax rates. Reducing the desired fund size multiplier lowers future rates.

FISCAL NOTE

The legislation reduces the multiplier from 1.3 to 1.2, resulting in \$44 million in net savings to employers in the first year. By the end of five years the reduced multiplier would provide an estimated \$117 million in tax savings. The new multiplier of 1.2 will establish a target reserve balance equivalent to 14.4 months of benefit payments at levels similar to the Great Recession.

Lowering the multiplier will have no impact on the Idaho State General Fund, any dedicated fund or federal funds. The Department of Labor will incur a one-time cost of \$72,000 for administration, including rate re-programming, mailing supplies and postage. This will be covered within existing appropriation so no additional spending authority is needed.

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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).