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FISCAL NOTE

Drafting Number: LLS 20-1044
Prime Sponsors: Sen. Danielson

Date: March 9, 2020
Bill Status: Senate Finance
Fiscal Analyst: Clare Pramuk | 303-866-2677
clare.pramuk@state.co.us

Bill Topic: UPDATE COLORADO EMPLOYMENT SECURITY ACT

- Summary of Fiscal Impact:
- State Revenue
- TABOR Refund
- State Expenditure
- Local Government
- State Transfer
- Statutory Public Entity

This bill amends the Colorado Employment Security Act to eliminate the documentation requirement for workers separating from employment because of domestic violence, expand the definition of immediate family, and substitute severance allowance for remuneration. It will increase unemployment insurance benefits paid on an ongoing basis.

Appropriation Summary: No appropriation is required because the Unemployment Insurance Trust Fund is not subject to appropriation by the General Assembly.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 20-170

Table with 4 columns: Category, FY 2020-21, FY 2021-22. Rows include Revenue, Expenditures (Unemployment Insurance Trust Fund), Transfers, and TABOR Refund.

Summary of Legislation

This bill amends the Colorado Employment Security Act to:

- eliminate the documentation requirement for workers separating from employment because of domestic violence in determining eligibility for unemployment insurance (UI) benefits;
- relocate and expand the definition of immediate family to include a sibling under 18 years of age for whom the individual is legally responsible, or a sibling who is incapable of self-care; and
- substitute the term "severance allowance" for "remuneration".

Background

UI premiums are paid by Colorado employers. The Colorado Division of Unemployment Insurance (division) in the Department of Labor and Employment administers the UI program. UI benefits are paid to individuals unemployed through no fault of their own from the UI Trust Fund. The division constitutes an enterprise for purposes of TABOR. The funds used to pay UI benefits are not subject to appropriation by the General Assembly and do not appear in the Long Bill. FY 2018-19 benefit payments were about \$374.7 million. As of June 30, 2019, the UI Trust Fund had a balance of \$1.1 billion, which is nearly \$400 million below the level necessary to meet the U.S. Department of Labor's solvency recommendation.

State Expenditures

The bill is expected to increase the number of unemployed individuals who will receive UI benefits by about 500 individuals per year. This is estimated to increase UI benefits paid by up to \$3.0 million for a full year of benefits beginning in FY 2021-22. Because of the bill's January 1, 2021, effective date, the increase for FY 2020-21 is estimated to be up to \$1.5 million. The bill does not impact the administrative costs for the division to process claims, but may make some eligibility determinations easier to process because of the elimination of documentation requirements.

Effective Date

The bill takes effect January 1, 2021, if no referendum petition is filed.

State and Local Government Contacts

Counties Labor Municipalities Personnel