



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

FISCAL NOTE

Drafting Number: LLS 20-1279
Prime Sponsors: Sen. Hansen; Winter

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

Bill Topic: UNEMPLOYMENT INSURANCE

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

This bill amends the Colorado Employment Security Act to codify current practices, address public health emergencies, and to increase the amount a person can earn while receiving benefits. It also requires a study of the feasibility of unemployment insurance for people in the gig economy. It will increase unemployment insurance benefits paid on an ongoing basis.

Appropriation Summary: No appropriation is required. See State Appropriations Section.

Fiscal Note Status: This preliminary fiscal note reflects the introduced bill. While all agencies were canvassed for this fiscal note, additional time may be required to obtain information from agencies and to further review information previously submitted. The fiscal note will be updated if new or additional information becomes available.

Table 1
State Fiscal Impacts Under SB 20-207

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:

- allow a person for whom services are performed to create a rebuttable presumption that the individual providing the service is not the person's employee without providing written documentation;
- increase the amount of wages someone can earn before their weekly unemployment insurance (UI) benefit is reduced;
- exclude payments made to an election judge from the definition of wages;
- direct the Division of Unemployment Insurance (division) in the Department of Labor and Employment (CDLE) to consider whether the individual has separated from employment or refused to accept new employment due to factors related to a public health emergency;
- modify the terms of work share plans;
- extend the time for interested parties to respond to a notice of claim from 7 to 12 calendar days; and
- remove the cap on funds deposited into and retained in the Employment Support Fund.

The director of the division is required to study the feasibility of creating a UI program and fund for individuals engaged in independent trades, occupations, and professions. The bill includes a list of items to consider, including: expected participation, identifying who would pay into the fund, the potential for maintaining fund solvency, and how such a mechanism would work with the current UI system and federal laws and regulations. The director will report the study findings to the General Assembly by January 15, 2021.

## **Background**

UI premiums are paid by Colorado employers. The Division of Unemployment Insurance in the CDLE 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.

## **State Expenditures**

This bill impacts the CDLE and the Department of Personnel and Administration (DPA) as discussed below.

**Department of Labor and Employment.** The bill is expected to increase the amount of benefits paid to unemployed individuals by at least \$18.0 million per year from the UI Trust Fund. This is due to increasing the amount of wages a claimant can earn before their weekly UI benefit is reduced, from 25 percent to 50 percent of the weekly benefit amount. This estimate is based on data from calendar year 2019, and may be higher due to the uniquely high number of UI claims currently resulting from the pandemic.

The bill will increase the workload for the Future of Work Office in CDLE to study the feasibility of a UI fund for independent trades, occupations, and professions. This office is already working on this project and has the resources necessary to complete the study within existing appropriations.

**Department of Personnel and Administration.** The state self-insures for UI with claims paid out of the personal services line item within each agency. The bill modifies the definition of employee which may result in some classification changes from independent contractors to employees. If this results in an increase in UI claims, the fiscal note assumes the increased cost will be addressed through the annual budget process.

**Local Government**

The bill may result in an increase in UI premiums for local government employers. These impacts will vary and cannot be determined.

**Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

**State Appropriations**

The funds used to pay UI benefits are not subject to appropriation by the General Assembly and do not appear in the Long Bill.

**State and Local Government Contacts**

Counties	Information Technology	Labor
Municipalities	Personnel	