

HB 190-FN - AS INTRODUCED

2023 SESSION

23-0307

05/04

HOUSE BILL ***190-FN***

AN ACT relative to the duration of unemployment benefits.

SPONSORS: Rep. L. Turcotte, Straf. 4; Rep. Simon, Graf. 1; Rep. Layon, Rock. 13; Rep. Bernardy, Rock. 36; Rep. Hill, Merr. 2; Sen. Lang, Dist 2; Sen. Gannon, Dist 23; Sen. Murphy, Dist 16

COMMITTEE: Labor, Industrial and Rehabilitative Services

ANALYSIS

 This bill specifies the duration of unemployment benefits based on the state's average unemployment rate.

Explanation: Matter added to current law appears in ***bold italics***.
 Matter removed from current law appears ~~[in brackets and struckthrough]~~
 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Three

AN ACT relative to the duration of unemployment benefits.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 New Paragraph; Unemployment Compensation; Weekly Benefit Amount. Amend RSA 282-
2 A:25 by inserting after paragraph III the following new paragraph:

3 IV.(a) Notwithstanding RSA 4:45 and the maximum benefit amounts in paragraph I, for
4 unemployment compensation claims submitted during a calendar year, the duration of benefits
5 under this chapter shall be limited to 14 weeks, if the state's average unemployment rate is at or
6 below 3 percent, plus one additional week for each 0.5 percent increment in the state's average
7 unemployment rate above 3 percent, up to a maximum of 24 weeks if the state's average
8 unemployment rate exceeds 8 percent.

9 (b) In this paragraph, "state average unemployment rate" shall mean the average of the
10 3 months for the most recent fourth calendar year quarter of the seasonally adjusted total
11 unemployment rates as determined and benchmarked by the department of labor.

12 2 Effective Date. This act shall take effect 120 days after its passage.

**HB 190-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to the duration of unemployment benefits.

FISCAL IMPACT: ☒ State ☒ County ☒ Local ☐ None

STATE:	Estimated Increase / (Decrease)			
	FY 2023	FY 2024	FY 2025	FY 2026
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable
Funding Source:	<input checked="" type="checkbox"/> General <input type="checkbox"/> Education <input checked="" type="checkbox"/> Highway <input checked="" type="checkbox"/> Other - Unemployment Compensation Trust Fund, Various Government Funds			

COUNTY:

Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable

LOCAL:

Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable

METHODOLOGY:

This bill specifies the duration of unemployment benefits based on the state's average unemployment rate. The Department of Employment Security states, because State unemployment benefits are paid from the Unemployment Compensation Trust Fund the bill would potentially have an impact on the Trust Fund. However, forecasting the economic impact to the Trust Fund would be speculative.

The Department indicates under current law, a claimant receives a maximum benefit amount payable based on their annual earnings. The benefit duration period is determined by dividing the maximum benefit amount by the individual's weekly benefit amount. The maximum number of weeks available is currently 26 weeks. The maximum benefit amount may be used for weeks of total or partial unemployment. The Department provided the following information concerning benefit claims:

- Average duration of benefits claimed in New Hampshire has historically been less than 13 weeks, despite 26 weeks being available. Currently, the average duration is less than 10 weeks.

- The state is experiencing historically low exhaustion of unemployment compensation benefits with less than 10% of claim filers actually filing for all 26 weeks available to them.
- The maximum weekly benefit amount in NH is \$427. Because that amount equates to only a 31% wage replacement rate for the person earning the average private sector weekly wage, it tends to act as a control for the length of time someone claims benefits.
- New Hampshire also has one of the lowest unemployment insurance tax burdens in the country. Prior to the pandemic, New Hampshire had the 2nd lowest average tax burden in the country with 0.14% of total wages paid. Florida had the lowest at 0.12%.

The Department reports that prior to the pandemic during 2018 and 2019, 65% of claimants filed for 14 weeks or less, with nearly 50% filing for less than 10 weeks. However, New Hampshire had over 8,700 individuals during this two-year time period file for benefits for more than 14 weeks. This bill would have set the number of weeks available at 14 weeks based on the unemployment rate. Of the 8,700 individuals that filed for more than 14 weeks, over 2,000 reported working in part-time employment and thus had a reduced weekly benefit amount. New Hampshire allows individuals to have part-time employment while collecting benefits. This promotes a faster attachment to the labor market and often translates to part-time employment in the hospitality and retail sectors. Wages earned from part-time employment reduce the individual's weekly benefit amount when the earnings exceed 30% of the benefit amount. Because the weekly benefit is reduced by part-time earnings, it can result in a lower weekly benefit amount being paid for a greater number of benefit weeks. Based on current law, an individual can collect partial benefits if otherwise eligible until they've reached their maximum benefit amount. Thus, part-time workers collecting partial benefits could collect for longer than 26 weeks. It is not possible to predict the behavior of individuals should this bill become law, but there would be less incentive to work part-time while filing for benefits due to the 14 week cap. This would result in less part-time employment among people filing for unemployment benefits and more simply people exhausting their 14 weeks of full benefits.

The Department assumes the proposed limitation on the duration of unemployment benefits and linkage to unemployment rates may result in increased costs to state, county and local government through an increased need for welfare, SNAP benefits, and Medicaid. It is unknown how this would ultimately affect the unemployment tax rates of governmental entities that are subject employers and the reimbursement charges to the state, county, and local governments.

It is assumed that any fiscal impact would occur after FY 2023.

AGENCIES CONTACTED:

Department of Employment Security