

HB 1597-FN - AS INTRODUCED

2024 SESSION

24-2308

12/05

HOUSE BILL

1597-FN

AN ACT

relative to the maximum weekly unemployment benefit amount.

SPONSORS:

Rep. J. Sullivan, Graf. 2; Rep. Rochefort, Graf. 1; Rep. Massimilla, Graf. 1; Rep. Wheeler, Hills. 33; Rep. Post, Hills. 42

COMMITTEE:

Labor, Industrial and Rehabilitative Services

ANALYSIS

This bill modifies the formula to calculate unemployment benefits.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 Four

AN ACT relative to the maximum weekly unemployment benefit amount.

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

- 1 1 Total and Partial Unemployment. Amend RSA 282-A:14, III(a) to read as follows:
- 2 III.(a) For the purposes of paragraphs I and II, the term "wages" shall ***have the same***
- 3 ***meaning as in RSA 282-A:15*** ~~[include compensation for temporary partial disability under the~~
- 4 ~~workers' compensation law of any state or under a similar law of the United States, payments in lieu~~
- 5 ~~of notice, a sickness or separation allowance, payment of accrued leave or sums of whatever type or~~
- 6 ~~nature, except those specifically excluded elsewhere in this subparagraph, payments upon discharge~~
- 7 ~~from military service from either the state or federal government, or both, and earnings from self~~
- 8 ~~employment]. "Wages" shall not mean and shall not include payments from a supplemental~~
- 9 ~~unemployment plan as defined in RSA 282-A:3-a or any portion of a lump sum payment for workers'~~
- 10 ~~compensation made pursuant to RSA 281-A:37. Wages [or earnings or both] shall be deemed to have~~
- 11 ~~been received for such week or weeks as the commissioner may find can be reasonably said to apply.~~
- 12 ~~The application of longevity, stay, retention, attendance, and similar payments commencing with a~~
- 13 ~~period of one or more weeks of partial or total unemployment shall be presumed reasonable if such~~
- 14 ~~payment was received 90 or fewer days prior to the commencement of such period. An individual's~~
- 15 ~~maximum weekly benefit amount shall be reduced by [all wages and earnings in excess of 30~~
- 16 ~~percent, rounded to the nearest dollar, of the individual's weekly benefit amount.]~~ ***40 percent of***
- 17 ***earned wages, rounded to the nearest dollar, of the individual's weekly benefit amount.***
- 18 Wages shall not include any payment made to an individual by reason of the individual's permanent
- 19 separation from employment, for reasons other than retirement, under a prior existing plan
- 20 maintained by employer contributions vested in the individual before the date of separation. Wages
- 21 shall not include any payment made to an individual by reason of the individual's permanent
- 22 separation from employment, for reasons other than retirement, under a prior existing plan
- 23 maintained by employer contributions vested in the individual before the date of separation.
- 24 2 Effective Date. This act shall take effect 60 days after its passage.

HB 1597-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to the maximum weekly unemployment benefit amount.

FISCAL IMPACT: ☒ State ☒ County ☒ Local ☐ None

Estimated State Impact - Increase / (Decrease)				
	FY 2024	FY 2025	FY 2026	FY 2027
Revenue	\$0	\$0	\$0	\$0
<i>Revenue Fund(s)</i>	None			
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable
<i>Funding Source(s)</i>	Unemployment Compensation Trust Fund			
Appropriations	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			

- Does this bill provide sufficient funding to cover estimated expenditures? ☒ N/A
- Does this bill authorize new positions to implement this bill? ☒ N/A

Estimated Political Subdivision Impact - Increase / (Decrease)				
	FY 2024	FY 2025	FY 2026	FY 2027
County Revenue	\$0	\$0	\$0	\$0
County Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable
Local Revenue	\$0	\$0	\$0	\$0
Local Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable

METHODOLOGY:

The Department of Employment Security states this bill would change the current treatment of certain types of payments as wages for deductible income purposes under NH's Unemployment Compensation law, including:

- Compensation for temporary partial disability under the workers' compensation law,
- Payments in lieu of notice,
- A sickness or separation allowance,
- Payment of accrued leave or sums of whatever type or nature except those specially excluded elsewhere in the subparagraph,
- Payments upon discharge from military service from either the state or federal government, or both, and earnings from self-employment.

The Department indicates the change would not affect the Department's treatment of workers' compensation lump sum settlement payments, which are already excluded from consideration as

wages for deductible income purposes. However, it would exempt weekly workers compensation wage replacement payments as wages for deductible income purposes, which is a departure from current practice. Exempting other types of payments such as payments in lieu of notice, sickness or separation pay, and accrued leave would constitute a change in the State's unemployment compensation law and would result in faster payout of benefits in many cases. It would not necessarily result in more benefits being paid. Finally, earnings from self-employment are currently treated as wages for deductible income purposes. The proposed change would create a loophole which would not require an individual to report self-employment earnings while collecting benefits. These earnings are currently required to be reported while filing for unemployment benefits. Any departure from this requirement would likely create a conformity issue with the United State Department of Labor (USDOL). Once this bill is introduced and made publicly available, the Department will provide the language to the USDOL and request a compliance and conformity review. This is done with all pieces of legislation proposing changes to the unemployment system.

The Department notes the bill would also remove the Commissioner's ability to allocate earnings to such weeks as they can be reasonably allocated by limiting the allocation to wages. Like the changes discussed above concerning the definition of wages, including weekly workers compensation wage replacement and earnings from self-employment, the change would create potential conformity issues and require USDOL review.

In addition, the bill proposes to change how earned wages are disregarded for purposes of calculating a claimant's entitlement to partial benefits. Under current law each claimant receives a specific weekly benefit amount (WBA) and a maximum benefit amount (MBA) based on their annual earnings. The maximum benefit amount may be used for weeks of total or partial unemployment. New Hampshire allows an individual to have part-time employment while collecting benefits, thus promoting a faster attachment to the labor market which may then result in full-time work. According to the USDOL, all states disregard some earnings for partially unemployed individuals to incentivize part-time or short-term work, referred to as the "earnings disregard." Under current NH law wages earned from part-time employment reduce the individual's WBA when the earnings exceed 30% of that benefit amount. This bill would change the percentage 40% of WBA and would delete "in excess of." The proposed language would reduce a claimant's WBA by 40 cents with the very first dollar earned rather than allowing a claimant to keep earnings up to 30% of the WBA without it impacting the claimant's WBA. The proposed change would result in reduced benefits for claimants with lower part-time earnings and increased benefits for claimants higher part-time earnings. A decrease in benefits could have a positive impact on the UC Trust Fund while an increase in benefits could have a potential negative impact on the UC Trust Fund. In addition higher or lower benefit amounts

could impact local governmental entities through increased or decreased reliance on local welfare.

The impact to the UC Trust Fund based on the bill would be difficult to calculate due to its new methodology and variables. It would require analysis of the number of part-time filers, the likely divergences in part-time earnings, and their varied filing durations based on the impact of higher or lower part-time income. There would be a tremendous amount of speculation regarding whether there would be an effect on an individual's decision to pursue part-time employment while filing for benefits and whether that effect would vary due to the disparity in impact between higher and lower paying part-time employment.

It is assumed that any fiscal impact would occur after FY 2024.

AGENCIES CONTACTED:

Department of Employment Security