

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

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ORIGINAL

Bill Number: HB1320

Patron: Martinez

Bill Title: Unemployment benefits; increase weekly benefit amount; emergency.

Bill Summary: Provides that, for unemployment compensation claims effective on or after the earlier of (i) six weeks after the effective date or (ii) July 1, 2026, an eligible individual's weekly benefit amount shall be \$48 higher than the current weekly benefit amount, as denoted in the table in the printed bill. The bill contains an emergency clause.

Budget Amendment Necessary: No

Items Impacted: N/A

Explanation: This bill involves the Virginia Employment Commission (VEC); a nongeneral fund budget amendment may be required in future years but can be provided administratively.

Fiscal Summary: It is anticipated that a budget amendment to increase nongeneral fund appropriation may be necessary in future years.

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
VEC UI Trust Fund	\$18,904,524	\$75,618,096	\$75,618,096	\$75,618,096	\$75,618,096	\$75,618,096
TOTAL	\$18,904,524	\$75,618,096	\$75,618,096	\$75,618,096	\$75,618,096	\$75,618,096

Fiscal Analysis: This impact statement is preliminary. This bill will increase expenditures from the Unemployment Insurance (UI) Trust Fund due to increased benefit payments. This impact analysis is based on the average number of compensable weeks and covered employment over the past 19 state fiscal years, excluding FY 2020 and FY 2021. These two years were omitted because the General Assembly enacted legislation during that period to prevent pandemic-era charges from being applied to employers. The estimated additional expenditure is as follows:

Impact on the Unemployment Trust Fund:

- **Average of weeks claimed (FY06 - FY24 excluding FY20 and FY21): 1,575,377**
- **Incremental weekly benefit amount: \$48**
- **Average additional cost to the Trust Fund per year: \$75,618,096**

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The Fund is expected to incur an additional expenditure of approximately \$75,618,096 per year due to the weekly benefit increase. As this bill contains an emergency clause, this statement includes an estimate of three months of increased benefits in FY 2026.

To cover this additional expenditure:

- **Average number of employees covered by UI taxes (FY06 - FY24 excluding FY20 and FY21): 3,565,926**
- **Average increase in employer taxes per employee: \$21.21**
- **Average increase in employer taxes as a percentage of the taxable wage base (\$8,000): 0.27%**

According to VEC, the agency will incur one-time administrative costs in implementing the provisions of this bill. The costs include an estimated \$46,074 for developing, testing, and implementing the changes needed for a new benefit table as well as increasing claimant and employer communication efforts. The Appropriation Act (Item 359 J.1) authorizes VEC to assess an administrative fee equal to .5 percent of taxable wages for purpose of supporting critical technology and staffing requirements in the administration of Virginia's unemployment compensation programs. VEC's nongeneral fund estimates assume revenue collection of \$16.0 million annually from this fee.

Other: SB759 is the companion to this bill.