

# Senate Commerce Committee

*Angela Leach 271-3077*

**SB 90-FN**, adjusting the minimum employer's contribution rate for unemployment insurance.

**Hearing Date:** February 7, 2017

**Members of the Committee Present:** Senators Innis, French, Sanborn and Lasky

**Members of the Committee Absent :** Senator Soucy

**Bill Analysis:** This bill raises the minimum contribution rate to the unemployment compensation fund.

**Sponsors:**

Sen. Feltes

Sen. Soucy

Sen. Lasky

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**Who supports the bill:** Sponsors, Sarah Mattson Dustin- NH Legal Assistance

**Who opposes the bill:** None

**Who is neutral on the bill:** Richard Lavers- Employment Security

**Summary of testimony presented:**

Senator Sanborn stated based on the ethics law, as an employer, he pays into unemployment trust fund and may or may not participate in the legislation.

**Senator Feltes** stated this bill would increase the minimum contribution rate in unemployment insurance taxes from .1 to .2. Filed as a place holder for the department, after revised estimates and evaluations, the department and the Unemployment Advisory Council don't believe this bill is necessary, and recommend ITL. NH is tied for lowest in the nation for unemployment insurance taxes. Not opposed to any type of study committee to take a look at this subject. Recommend the department and the department and Unemployment Advisory Council be active in the study committee, including information on planning for the next recession.

**Richard Lavers-Deputy Commissioner of Employment Security** Legislation is no longer necessary, the Advisory Council voted unanimously to recommend to the committee that it be ITL.

**Senator Sanborn-** How much is in the unemployment trust fund, what is the rate, 4 surcharges on the business community may have eliminated some, and how many are left.

**Richard Lavers-** The trust fund has a balance of \$286 million. The two statutory surcharges were removed in 4<sup>th</sup> quarter of 2012 and 2013. Also a series of discounts based on the trust fund balance, currently employers are receiving 2 out of the 3 trust fund discounts. When the fund is at \$250 million, for a full quarter, the employers get a ½ point reduction on their rate. \$275 million, a full point reduction on their rate. The third is triggered at \$300 million which is 1 ½ points.

**Senator Sanborn-** when do you anticipate us to be at the \$300 million dollar trigger.

**Richard Lavers-** Current forecast which goes through 2019, does not show us hitting \$300 million. The existing discounts are working as intended so they are slowing down the growth of the fund. There are fewer layoffs, we are paying out less benefits. We are paying out \$1 million

in unemployment benefits per week. The discounts are reducing rates, the average tax rate is under 1 percent. The fund is going to stay within the current range it is right now. See the fund staying between \$275 and \$290 million.

**Senator Sanborn**- how many beneficiaries are collecting the \$1 million.

**Richard Lavers**- 5432 continued claims, 726 in initial claims. Initial claims are not in pay status yet. Last year at this time there were 1000 more continued claims and 150 more initial claims.

**Senator Sanborn**- \$200 per person on average, how does that compare to other states.

**Richard Lavers**- Well below the national average. NH's average weekly benefit amount is about \$300 per week, the national average is \$330 per week. Lowest in New England.

**Future Action:** Inexpedient to Legislate

AJL

Date Hearing Report completed: February 8, 2017