

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB 3096
Version:	Introduced
Request Number:	9369
Author:	Rep. Osburn
Date:	2/18/2020
Impact:	See Below

Research Analysis

HB 3096, as introduced, reduces the number of weeks for which unemployment benefits may be paid. The measure provides for twelve weeks of benefits if the state's average unemployment rate is at or below 5.5%, with an additional week for each 0.5% increment above 5.5%, up to a maximum of twenty weeks. The bill also directs excess amounts in the unemployment insurance trust fund at the end of each fiscal year to be credited to employers proportionally.

Prepared By: Sean Webster

Fiscal Analysis

Sections 1-3 of HB 3096 reduce unemployment benefits to 12 weeks under certain conditions. Officials for the Oklahoma Employment Security Commission (OESC) estimate that had these provisions been in place during the 2019 calendar year, the reduction in total benefits paid would have been approximately \$120 Million.

Section 4 of HB 3096 requires unemployment tax credits for employers, toward subsequent fiscal year liability, be provided under certain conditions. Officials for OESC estimate the total amount of such credits for the 2021 tax year to be approximately \$500 Million. Credit amounts in subsequent tax years are expected to be significantly lower, in some tax years conditions will exist resulting in no credits being issued.

Though the measure material modifies factors related to unemployment benefit payments, the balance of the unemployment insurance trust fund, and indirectly employer unemployment tax rates, the measure does not have a direct fiscal impact on the state budget or appropriations. Additionally, OESC is a nonappropriated state agency meaning OESC is expected to absorb any increased administrative costs associated with the measure, through existing budgetary resources.

Prepared By: John McPhetridge

Other Considerations

Officials from OESC have ongoing concern as to the ability of the agency's legacy mainframe system, programmed with COBOL software, to handle significant reprogramming such as that proposed by this measure.

