

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING EMPLOYMENT SECURITY, AND, IN CONNECTION THEREWITH, AMENDING THE DEFINITION OF "IMMEDIATE FAMILY", REMOVING A REQUIREMENT THAT A CLAIMANT SUFFERING FROM DOMESTIC VIOLENCE PROVIDE WRITTEN DOCUMENTATION OF THE DOMESTIC VIOLENCE IN ORDER TO ESTABLISH THE CLAIMANT'S ELIGIBILITY FOR BENEFITS, AND LIMITING THE MEANING OF CERTAIN INSTANCES OF THE TERM "REMUNERATION" TO DESCRIBE A SEVERANCE ALLOWANCE.

Prime Sponsors: Senator Danielson  
Reps. Jackson and Duran

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Date Prepared: June 9, 2020

**Appropriation Items of Note**

**Appropriation Not Required, No Amendment in Packet**

**Fiscal Impact of Bill as Amended to Date**

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 03/09/20.

	<b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
<b>XXX</b>	<b>Update:</b> Fiscal impact has changed due to <i>new information or technical issues</i>
	<b>Update:</b> Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	<b>Non-Concurrence:</b> JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The Senate amended the bill on second reading to add a section specifying: (1) fines received from businesses for employee misclassification will be deposited to the Unemployment Revenues Fund; (2) the Department of Labor and Employment may enter into an interagency agreement with the Department of Law for enforcing provisions related to employee misclassification; (3) the Department of Labor and Employment may transfer to the Department of Law money from the Unemployment Revenue Fund to pay for associated enforcement costs.

Legislative Council Staff and JBC Staff agree that the fiscal impact of this provision is indeterminate. The Department of Law indicates that it does not anticipate a related agreement with the Department of Labor and Employment in the near future. If additional resources are required related to such an agreement, the Department of Law would submit a budget request through the annual budget process.

**Amendments in This Packet for Consideration by Appropriations Committee**

Amendment	Description
None.	

**Current Appropriations Clause in Bill**

The bill neither requires nor contains an appropriation clause for FY 2020-21.

**Points to Consider**

*Technical Issues*

Staff does not believe that, in the absence of further statutory changes, funds from the Unemployment Revenue Fund may be transferred through an interagency agreement to the Department of Law and then appropriated to the Department of Law. Pursuant to Section 8-77-106, C.R.S., the Unemployment Revenues Fund "shall be annually appropriated by the general assembly to the [division of unemployment insurance] for the purpose of enforcing compliance with the 'Colorado Employment Security Act'". Staff therefore assumes that any funds to be transferred to the Department of Law will first be appropriated to the Department of Labor and Employment and then transferred to the Department of Law.

*Related Budget Information*

As indicated in the Legislative Council Staff Fiscal Note dated March 9, 2020, the bill is expected to increase expenditures from the Unemployment Insurance Trust Fund by up to \$1.5 million in FY 2020-21 and up to \$3.0 million in FY 2021-22. The Unemployment Insurance Trust Fund is expected to be insolvent or close to insolvent by the end of FY 2019-20; the State will borrow from the federal government to continue to pay unemployment insurance benefits when reserves are exhausted. From FY 2014-15 through FY 2018-19, benefits paid from the Trust Fund averaged approximately \$450 million per year. Benefits paid from the Unemployment Insurance Trust Fund are expected to exceed \$1.6 billion in FY 2019-20 and \$2.8 billion in FY 2020-21, while revenues are expected to be below \$553 million in FY 2019-20 and below \$840 million in FY 2020-21, based on the May 2020 Legislative Council Staff forecast.