



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number: S. 0421 Introduced on January 12, 2021
Author: Alexander
Subject: Unemployment Security Benefits
Requestor: Senate Labor, Commerce, and Industry
RFA Analyst(s): Miller
Impact Date: February 3, 2021

Fiscal Impact Summary

This bill is not expected to have an expenditure impact as shortening the look-back period from three years to two years is required for federal conformity.

Explanation of Fiscal Impact

Introduced on January 12, 2021

State Expenditure

This bill establishes an “on” indicator to trigger for an extended unemployment benefit period, pursuant to Article 3 of Chapter 35 or Title 41 in the code, based on whether the rate of total unemployment within the most recent three months exceeds one hundred and ten percent of the average unemployment for the State in one or more of the corresponding three-month periods ending in the two preceding calendar years. Currently the look-back period is three preceding calendar years. This bill shortens the look-back period from three years to two years.

According to the Department of Employment and Workforce (DEW), the Federal-State Extended Unemployment Compensation Act of 1970 (the Act) requires states to provide for the payment of extended benefits (EB) under certain circumstances. Under the Act, a state triggers on to EB whenever its rate of insured unemployment, not seasonally adjusted, during the current week and the twelve preceding weeks equals or exceeds six percent. This standard EB trigger is codified in S.C. Code Ann. § 41-35-330(A), and provides up to ten weeks of EB.

Section 203(f) of the Act allows states the option of utilizing an alternative EB trigger. Under this optional alternative trigger, EB would trigger on whenever the Total Unemployment Rate (TUR) for the most recent three-month period equals or exceeds 6.5 percent and also equals or exceeds 110 percent of the TUR for either or both of the corresponding three-month periods in the two preceding calendar years. When the TUR equals or exceeds 8 percent, a period of high unemployment is triggered, which would allow eligible claimants to receive additional weeks of EB. This alternative trigger, along with the additional weeks of EB during periods of high unemployment, is codified in S.C. Code Ann. § 41-35-320, and provides an additional six weeks of EB. The South Carolina legislature passed this statute in 2009 with the federally required two-year look back period.

In 2010, Congress passed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. This bill allowed states to temporarily amend its alternative EB trigger law to use a three-year look back period. This option was offered explicitly so states could remain triggered on to the higher EB for longer during the Great Recession. This temporary authorization expired on December 31, 2011.

In response, South Carolina amended Section 41-35-320 to utilize the three-year look back period. However, South Carolina did not include a sunset provision and has not subsequently amended this statute to revert to the federally required two-year look back period. This bill would place South Carolina's statute back into conformity with federal law. This bill is not expected to have an expenditure impact.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director