

# Commonwealth of Kentucky

## HOUSE OF REPRESENTATIVES

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HOUSE SPEAKER PRO TEMPORE

*FOR IMMEDIATE RELEASE*

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## General Assembly Passes House Bill 5 To Protect Unemployment Benefits

Today the Kentucky General Assembly passed House Bill 5, legislation designed to return Kentucky's Unemployment Insurance Trust Fund to solvency.

House Bill 5, sponsored by Speaker Pro Tem Larry Clark (D, Okolona), passed the House on May 26<sup>th</sup> on a vote of 95-0 and today passed the Senate with only one dissenting vote. The House had originally passed the bill in February during the recent regular session, but the Senate took no action, prompting the Governor to include the issue on the call for this week's special session. The bill now goes to the Governor for his signature.

"I am pleased that the Senate evaluated the legislation and recognized its importance to Kentucky's 86,000 employers and labor force of over 2 million," said Clark. "Once fully implemented, the provisions of this bill will gradually return the trust fund to solvency, ensuring a safety net of benefits for the unemployed and keeping our employers competitive with those in the states that surround us."

It has been estimated that the changes in House Bill 5 will save Kentucky employers \$700 million from 2012 through 2022. The legislation was designed by the Governor's Task Force on Unemployment Insurance, composed of members of the Kentucky Association of Manufacturers, the Kentucky Chamber of Commerce, the Kentucky Retail Federation, United Parcel Service, the United Food and Commercial Workers, the Teamsters, the International Brotherhood of Electrical Workers, the AFL-CIO, and the Kentucky Building and Construction Trades Council.

"That group's deliberations can be a model for cooperation going forward," Clark said. "Those with a direct interest in the issue, Kentucky's employers and their employees,

came together to achieve a Kentucky solution to our problem. Our employees can rest assured that unemployment benefits will be available in the future, and our employers gain a long-term solution, promoting the stability necessary to maintaining their competitiveness.”

Unemployment benefits are paid through the Unemployment Insurance Trust Fund. Employers make contributions to the trust fund based on a tax rate applied to the first \$8,000 of each employee’s wages. The bill will increase that wage base to \$9000 beginning in 2012 and will increase the base in \$300 annual increments up to a \$12,000 maximum by 2022. Claimants will see benefits slightly reduced through a reduction in the rate of wage replacement and through the imposition of a one-week waiting period before an initial claimant can first draw benefits.

Clark is a 27-year member of the House and has served as its Speaker Pro Tem since 1993. He represents the Okolona, Rangeland, Highview and Mount Washington Road areas of southern Jefferson County. He has maintained a 100% voting record throughout his legislative career.