



**ARIZONA STATE SENATE**  
*Fifty-Fifth Legislature, First Regular Session*

FACT SHEET FOR S.B. 1411

unemployment insurance

Purpose

Increases the maximum weekly unemployment benefit amount (WBA), the amount an individual may earn with no reduction to their WBA (income disregard) and the state unemployment tax taxable wage limit. Prescribes requirements for the Department of Economic Security (DES) to obtain employment and income information and reduces, effective January 1, 2022, the maximum duration of benefits, if Arizona's unemployment rate is less than six percent.

Background

The federally-established Unemployment Insurance Benefit Program, administered by DES according to state law, provides unemployment benefits to persons unemployed through no fault of their own for up to 26 weeks. Statute prescribes eligibility requirements relating to the reason for separation from employment, wages earned prior to unemployment and the individual's availability and work search activities ([A.R.S. Title 23, Chapter 4](#)).

Subject to a cap of \$240, the WBA of an eligible unemployed individual is equal to one-twenty-fifth of their highest quarter earnings during the first four quarters of the most recently completed five quarters. An unemployed individual may earn up to \$30 in a week for less than full-time work with no reduction to their WBA. Earnings in excess of the \$30 income disregard are subtracted from the WBA for which the individual qualifies ([A.R.S. § 23-779](#)).

Benefit payments are paid from Arizona's Unemployment Insurance Trust Fund (UITF) which is financed by a tax that employers pay on the first \$7,000 wages paid to each employee in a calendar year ([A.R.S. Title 23, Chapter 4](#)). A state with an insolvent UITF may receive an advance from the Federal Unemployment Account and is eligible for the loan interest-free if, in the last five years, the state's UITF reached the federal solvency standard and the state maintained tax effort criteria ([20 C.F.R. § 606.32](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Increases the maximum WBA from \$240 to:
  - a) \$320 on the later of the general effective date the expiration of the federal unemployment insurance benefit programs established under the Coronavirus Aid, Relief and Economic Security Act and extended by the American Rescue Plan Act of 2021, or any federal legislation extending the programs; and
  - b) \$400 beginning on July 1 following the date DES determines Arizona meets the federal criteria to receive an interest-free unemployment insurance loan.

2. Requires an individual's WBA to be redetermined during the individual's benefit year when the increase to \$320 becomes effective.
3. Increases the income disregard from \$30 to \$160.
4. Increases, from \$7,000 to \$8,000, the state unemployment tax taxable wages limit beginning in calendar year 2022.
5. Reduces, effective January 1, 2022, the maximum number of weeks an individual may receive unemployment benefits from 26 weeks to:
  - a) 22 weeks, if Arizona's average unemployment rate in the most recently published calendar quarter is at least 4.25 percent but less than six percent; or
  - b) 20 weeks, if Arizona's average unemployment rate in the most recently published calendar quarter is a less than 4.25 percent.
6. Allows an individual to receive up to 26 weeks of unemployment benefits when the unemployment rate is less than six percent during a Governor-declared state of emergency that results in, or is caused by, conditions whereby businesses must pause operations.
7. Requires DES, as part of the verification process to determine benefit eligibility, to obtain current employment and income information from external data sources, including third-party vendors, that are consistent with unemployment insurance laws and U.S. Department of Labor (U.S. DOL) guidance.
8. Requires the data sources to provide a verification service that:
  - a) delivers actual, real-time and nonmodeled employment and income information furnished by employers; and
  - b) minimizes erroneous communications to employers generated from fraudulent claim applications.
9. Requires DES, by December 31, to annually report unemployment insurance fraud details for the previous fiscal year to the Governor, the President of the Senate and the Speaker of the House of Representatives, including:
  - a) the number of fraudulent claims;
  - b) the total paid in fraudulent claims; and
  - c) the impact of fraud on employer contribution rates and experience ratings.
10. Requires DES to annually determine whether Arizona meets the federal eligibility criteria to receive an interest-free federal unemployment insurance loan and specifies that DES is not required to make the determination in subsequent years once the criteria has been met.
11. Defines *unemployment rate in the prior calendar quarter*.
12. Makes technical and conforming changes.
13. Becomes effective on the general effective date, with a delayed effective date as noted.

Amendments Adopted by Committee

1. Adopted the strike-everything amendment.
2. Specifies that the taxable wages limit increase to \$9,000 in 2023 applies to each calendar year thereafter.

Amendments Adopted by Committee of the Whole

1. Maintains the taxable wages limit at \$8,000 for each calendar year after 2022, rather than increasing the limit to \$9,000 beginning in calendar year 2023.
2. Provides that the increase of the WBA to \$320 is effective on the later of the general effective date or the expiration of the federal unemployment insurance benefit programs established under the Coronavirus Aid, Relief, and Economic Security Act and extended by the American Rescue Plan Act of 2021 or any federal legislation extending these programs.
3. Requires an individual's WBA to be redetermined during the individual's benefit year when the increase to \$320 becomes effective.
4. Lowers, from 6 percent to 4.25 percent, the average unemployment rate at which the maximum number of weeks an individual may receive unemployment benefits is reduced to 20 weeks.
5. Reduces the maximum number of weeks an individual may receive unemployment benefits to 22 weeks, rather than 20 weeks, if Arizona's average unemployment rate is at least 4.25 percent but less than 6 percent in the most recently published calendar quarter.
6. Requires DES to annually report unemployment insurance fraud details for the previous fiscal year.
7. Requires external data sources DES must use to accurately determine benefit eligibility to be consistent with unemployment laws and U.S. DOL guidance, rather than sanctioned by U.S. DOL.
8. Makes conforming changes

Senate Action

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Prepared by Senate Research

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LB/gs