



ARIZONA STATE SENATE
Fifty-Fifth Legislature, First Regular Session

FACT SHEET FOR H.B. 2805

unemployment insurance; benefits; tax base

Purpose

Increases, beginning January 1, 2022, the maximum weekly unemployment benefit amount (WBA) and the wages paid by an employer that are subject to state unemployment tax. Increases the amount an individual may earn with no reduction to their WBA (income disregard).

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 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](#)).

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

Provisions

1. Increases the income disregard from \$30 to \$160.
2. Increases, beginning January 1, 2022, the maximum WBA from \$240 to \$300.
3. Subjects to state unemployment tax, beginning January 1, 2022, wages paid to an employee in a calendar year in excess of \$8,000, rather than the first \$7,000 the employer pays to the employee.
4. Makes technical and conforming changes.
5. Becomes effective on the general effective date.

House Action

MAPS	2/15/21	DP	14-0-0-0
3 rd Read	2/24/21		50-9-1

Prepared by Senate Research
 March 26, 2021
 LB/gs