

HF3023 - 1E - Add'l Ben. for Iron Ore Mining Employees Auth.

Chief Author: **Pete Johnson**
 Committee: **Ways And Means**
 Date Completed: **4/22/2025 10:13:47 AM**
 Agency: **Employment and Economic Dvlpmnt**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Unemployment Insurance	-	14,971	-	-	-
Total	-	14,971	-	-	-
Biennial Total			14,971		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Unemployment Insurance	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 4/22/2025 10:13:47 AM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium		Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Unemployment Insurance	-	14,971	-	-	-
Total	-	14,971	-	-	-
Biennial Total			14,971		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Unemployment Insurance	-	14,971	-	-	-
Total	-	14,971	-	-	-
Biennial Total			14,971		-
2 - Revenues, Transfers In*					
Unemployment Insurance	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill provides 26 weeks of Additional Unemployment Insurance Benefits to individuals laid off from an Iron Mining Industry employer that has laid off at least 40% of its workforce between early March 15, 2025 and June 16, 2025. This bill also provides Additional Benefits to individuals laid off from an employer in the Explosive Manufacturing industry providing goods or services to such an Iron Mining Industry employer.

This bill contains technical provisions necessary to establish which Regular UI Benefit Account the Additional Benefit Account will be based on in the event an applicant is eligible for more than one Regular UI Benefit Account during the period the Additional Benefits are available, and also provisions for an applicant who is receiving Additional Benefits to apply again for Regular Unemployment Benefits at the end of the benefit year of their Regular Unemployment Benefit Account. This bill also specifies that an applicant who is eligible for federal Trade Readjustment Allowance (TRA) is not eligible for Additional Benefits (TRA is a federal unemployment benefit program that provides for federally-funded, extended benefits.)

Base period employers of applicants eligible for Additional Unemployment Benefits under this bill will be used in computing future tax rates or charged to the reimbursing accounts of those employers.

Assumptions

To estimate the cost of an Additional Benefit program, one must: 1. Identify the population that will be eligible. 2. Estimate the ratio of that population that may exhaust Regular UI Benefits. 3. Multiply the estimated number of eligible applicants who exhaust regular unemployment benefits by the average Weekly Benefits Amount for the population to get the estimated weekly payout. 4. Multiply the average weekly payout by the estimated number of weeks of Additional Benefits eligible applicant will receive.

Where the eligible population is broad and not narrowly defined, a broader range of estimates is necessary. Where the population is narrowly defined, and there are already established patterns for benefit exhaustion, it is possible to be more precise.

The population specified in this bill is well-defined and specific data are available for affected applicants.

Number of Affected Workers

- o According to a Worker Adjustment and Retraining Notification (WARN) received by DEED on 3-20-

2025, Cleveland Cliffs announced a temporary layoff of 630 workers at the HibTac Minorca mines effective 3-28-2025.

- o We do not know if any workers in the explosive manufacturing industry will be affected.

Average Weekly Benefit Amount

- o Based on the average wage for workers employed by the affected employers, it is estimated that affected workers' average Weekly Benefit Amount (WBA) will be \$914

Exhaustion of Regular Benefits

- o Based on the eligibility criteria, no potentially eligible applicants could have exhausted regular unemployment benefits. Exhaustion of regular unemployment benefits will occur in late summer/early fall 2025.
- o It is not known when the factors underlying the layoffs will be resolved allowing affected/eligible workers to return to work.
- o For the purposes of this estimate, we assume that the underlying matter will not be resolved before the majority of potentially eligible applicants exhaust regular unemployment benefits.

Total Weeks of Additional Benefits

- o For the purposes of this estimate, we assume that each affected/eligible applicant will receive 26 weeks of Additional Unemployment Benefits.

Assuming a 100% exhaustion rate for both Regular UI Benefits and Additional Benefits, we multiply the estimated, average Weekly Benefit Amount for potentially eligible applicants by the number of potentially eligible applicants and then multiply that product by the number of potential weeks of Additional Benefits under this bill. The product of this multiplication is a potential benefit Additional Benefit cost of \$14,971,320.

The key unknowns for this estimate is the actual number of workers that will be laid off, the rate at which they may exhaust regular unemployment benefits and then exhaust additional unemployment benefits under this bill. If the underlying matter is resolved earlier, it may be the case that no additional benefits are paid. If additional layoffs in the affected industry are announced and the underlying matter is not resolved, the amount of additional unemployment benefits could be higher.

DEED assumes that additional payments made as a result of this legislation would be recovered from employers through UI assessments, resulting in this legislation being cost neutral.

Expenditure and/or Revenue Formula

Average Weekly Benefit Amount times number of applicants times 26 weeks of payment \$914 (Avg WBA) x 630 (estimated number of affected workers) x 26 (potential available weeks of additional benefits) = \$14,971,320.

There are no technology costs associated with the implementation of this bill. UI technology is already designed to do this.

There are no additional, unfunded administrative costs associated with this bill. Unemployment Insurance administrative costs are federally funded. The United States Department of Labor funds UI programs for costs associated with the administration of the UI program, including the costs of administering an Additional Benefits program.

Long-Term Fiscal Considerations

Long-Term Fiscal Considerations

Additional Benefits paid under this bill will result in additional benefit charges accruing to the affected employers and this will in turn result in a higher Experience Rate for these employers for tax year 2027.

Local Fiscal Impact

Local Fiscal Impact (Must be completed when Local Fiscal Impact button is "Yes")

We do not detect any local fiscal impact.

References/Sources

The estimates contained in this fiscal note are based on data contained in the UI system, summary data from the 3-20-2025 WARN Notice and news reports.

Agency Contact:

Agency Fiscal Note Coordinator Signature: Matthew Dobratz

Date: 4/22/2025 8:50:08 AM

Phone: 651-259-7153

Email: matthew.dobratz@state.mn.us