

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS  
FISCAL IMPACT STATEMENT**

**LS 6648**  
**BILL NUMBER: SB 162**

**NOTE PREPARED:** Feb 18, 2026  
**BILL AMENDED:** Feb 18, 2026

**SUBJECT:** Department of Workforce Development.

**FIRST AUTHOR:** Sen. Rogers  
**FIRST SPONSOR:** Rep. Teshka

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **X FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) The bill removes vacation pay and sick pay from the definition of "deductible income". It amends the definition of "suitable work" to apply solely to extended benefit claims.

The bill amends the definition of "employment" with respect to certain religious, charitable, or educational organizations. It provides that the Department of Workforce Development (DWD) may make certain direct deposit disbursements under limited circumstances.

The bill provides that the date a determination of eligibility is sent is prima facie evidence of proper service. The bill codifies certain administrative rules with respect to benefit payments, the filing of claims, and notice. It removes outdated or expired provisions. The bill also removes references to dependents' allowances for purposes of calculating extended benefits. The bill provides that an individual who files a disaster unemployment assistance claim may be eligible for additional benefits under certain circumstances. It makes conforming changes.

**Effective Date:** July 1, 2026.

**Explanation of State Expenditures:** (Revised) The provision specifying that deductible income does not include vacation pay and sick pay will likely result in a minor increase in the average weekly unemployment insurance benefit amounts overall and expenditures from the Unemployment Insurance Benefit Trust Fund.

The change will simplify administration and automation of unemployment benefits. It may reduce workload for DWD and reduce the time it takes to award unemployment benefits. The administrative cost of providing unemployment benefits are paid from federal funds.

DWD and other agencies involved in administrative rulemaking may have reduced workload related to promulgating and readopting administrative rules.

**Additional Information** - The bill removes language added by SEA 371-2025 requiring that nonprofit employees be within the state of Indiana (IC 22-4-8-2(j)(2)). The language does not align with federal

unemployment law. Failure to align with the federal law may impact the credit that private sector Indiana employers receive on their federal unemployment (FUTA) taxes, which would effectively increase their tax rate. The FUTA tax rate is based on the first \$7,000 of covered wages for each worker. The FUTA tax rate is 6.0%; however, states with a solvent unemployment insurance trust fund typically receive a credit up to 5.4%. Most employers have an effective FUTA rate of 0.6%, or a maximum of \$42 per worker per year ( $0.6\% \times \$7,000 = \$42$ ).

The changes limiting direct deposits of unemployment benefits to approved financial institutions and those with a physical branch in the state may help prevent fraud.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Workforce Development.

**Local Agencies Affected:**

**Information Sources:** DWD. (2025, July 1). Unemployment Insurance Employer Handbook. [https://www.in.gov/dwd/files/Employer\\_Handbook.pdf](https://www.in.gov/dwd/files/Employer_Handbook.pdf); IRS. Instructions for Form 940 (2025). Employer's Annual Federal Unemployment (FUTA) Tax Return. <https://www.irs.gov/instructions/i940>.

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