



BUSINESS COALITION URGES CONGRESS NOT TO INCREASE FEDERAL UNEMPLOYMENT PAYROLL TAXES – CITING INCREASES IN UNEMPLOYMENT TAXES AND STATE SOLVENCY MEASURES

On December 10th a coalition of national and state business organizations urged the leadership in Congress not to increase the Federal Unemployment Tax (FUTA) in light of already increasing state and federal payroll taxes that have been triggered by high unemployment claims levels and outstanding state loans.

In a letter to Congressional leadership, coalition members asked that there be

- Maintenance of current Federal Unemployment Tax (FUTA) Rates and Base
- Elimination of restrictions on state solvency measures
- Protection of employer financed federal unemployment trust fund accounts

Employers across the country are experiencing dramatic increases in tax burden related to unemployment compensation, including state experience rate increases, state solvency taxes, assessments to pay for interest on outstanding loans, increases in federal unemployment taxes, and debt service payments in support of bonds and other financing to pay off large outstanding state debts.

State unemployment insurance taxes increased from \$38.3 billion in 2010 to \$51 billion in 2012, a 33% increase in just two years! Employers in 18 states and the Virgin Islands are paying increasing FUTA penalty taxes due to outstanding federal debts. Employers in 14 of these states will be required to pay a FUTA tax rate for 2012 which is double the rate at the end of 2011 and likely to continue increasing for 2013. Employers will be required to pay \$105 per employee in Indiana and \$147 per employee in the Virgin Islands, dramatic increases from the normal \$42 base FUTA per employee tax.

20 states currently owe over \$26 billion in federal loan debt. In addition, Colorado, Idaho, Illinois, Michigan, Pennsylvania and Texas employers are currently paying or will pay billions in assessments to cover debt service for bonds to repay federal debt.

The coalition urged Congress not to further increase the already increasing employer tax burden and provide state flexibility in addressing state unemployment trust fund solvency.

UWC is working with the business coalition to stay on top of the ongoing discussion in Congress about taxes and unemployment benefits as we near the end of 2012.

December 10, 2012

The Honorable John Boehner
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Harry Reid
Majority Leader
United State Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Minority Leader
U. S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington DC 20510

The Honorable Dave Camp
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Max Baucus
Chairman
Finance Committee
United States Senate
Washington, DC 20510

Dear Speaker Boehner, Majority Leader Reid, Minority Leaders McConnell and Pelosi, Chairman Camp and Chairman Baucus:

We are writing in support of measures to promote job creation, state flexibility in addressing the solvency of state unemployment trust funds, and to oppose additional federal taxes related to unemployment insurance. In particular, we support:

- No increase in the Federal Unemployment Tax Act (FUTA) tax base or rate;
- No extension of federal restrictions on states in adopting measures that would reduce the average weekly benefit amount as part of state unemployment solvency legislation;
- No increase in direct spending from employer financed federal unemployment trust fund accounts that are already deeply in deficit.

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The employer financed federal unemployment account used to pay the federal share of extended benefits is \$20 billion in deficit.

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We urge your support for measures that do not further increase the already increasing unemployment tax burden and provide state flexibility in addressing state unemployment trust fund solvency.

American Staffing Association
Arkansas State Chamber of Commerce
Associated Industries of Arkansas
Associated Industries of Florida
Associated Industries of Massachusetts
Associated Industries of Oregon
California Association of Hospitals and Health Services
 Unemployment Insurance Division
California Chamber of Commerce
Colorado Association of Commerce & Industry
Connecticut Business & Industry Association
Georgia Association of Manufacturers
Illinois Chamber of Commerce
Illinois Retail Merchants Association
Indiana Chamber of Commerce
Indiana Manufacturers' Association
Iowa Association of Business and Industry
Louisiana Association of Business and Industry
Michigan Chamber of Commerce
Michigan Manufacturers Association
Minnesota Chamber of Commerce
Missouri Association of Manufacturers
Missouri Chamber of Commerce
Missouri Merchants and Manufacturers Association
Montana Chamber of Commerce
National Federation of Independent Business
Nebraska Chamber of Commerce & Industry
New Jersey State Chamber of Commerce
North Carolina Chamber of Commerce
Ohio Chamber of Commerce
Ohio Manufacturers' Association
Pennsylvania Chamber of Business and Industry
The Association of Commerce & Industry of New Mexico
The Chamber of Commerce of Hawaii
The Kansas Chamber
The State Chamber of Oklahoma
Virginia Chamber of Commerce
Wisconsin Manufacturers and Commerce
UWC – Strategic Services