



“The Voice of Business on Unemployment & Workers’ Compensation”

FOR IMMEDIATE RELEASE

**Contact: Douglas J. Holmes
(202-223-8904)**

holmesd@uwcstrategy.org

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

WASHINGTON, D.C., DECEMBER 9, 2013 – A coalition of national and state business organizations today urged the United States 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 Congress, coalition members asked that there be

- 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.

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.

Employers in 13 states and the Virgin Islands are paying increased FUTA penalty taxes for 2013 and likely to pay even higher FUTA taxes for 2014. For 2013, employers in Delaware will be required to pay \$84 per employee; employers in Arkansas, California, Connecticut, Georgia, Kentucky, Missouri, New York, North Carolina, Ohio, Rhode Island, and Wisconsin will pay \$105 per employee; and employers in Indiana and the Virgin Islands will pay \$126 per employee. These are dramatic increases from the normal \$42 base FUTA per employee tax.

“Employers are already struggling to find a solid footing for creating jobs” according to Matt Harvill, Chairman of UWC – Strategic Services on Unemployment & Workers’ Compensation.

UWC – STRATEGIC SERVICES ON UNEMPLOYMENT & WORKERS’ COMPENSATION

910 17th Street, N.W., Suite 315, Washington, D.C. 20006

Phone (202) 223-8902 • Fax (202) 783-1616 • www.UWCstrategy.org

“Further increases in employer-paid unemployment taxes makes getting people back to work even tougher, said Harvill.”

Fourteen states and the Virgin Islands currently owe over \$19.7 billion in federal loan debt. In addition, employers in Colorado, Idaho, Illinois, Michigan, Nevada, Pennsylvania and Texas are paying or will pay billions in assessments to cover debt service for bonds to repay federal debt.

Proposals floated during budget discussions would increase the FUTA tax base and impose immediate state unemployment tax increases not only in states with outstanding federal loans, but also in states that already have healthy state UI trust fund balances. A FUTA tax base increase from \$7,000 to \$14,000 would immediately increase state UI taxes in 29 states, placing additional tax burden on employers at a time when their investment in job creation is critical to our nation’s economic recovery.

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.

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December 9, 2013

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

The Honorable Patty Murray
Chairwoman
Budget Committee
United States Senate
Washington, DC 20510

The Honorable Paul Ryan
Chairman
Budget Committee
U. S. House of Representatives
Washington, DC 20510

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

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

Employers across the country are already 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.

Employers in 13 states and the Virgin Islands are paying increased FUTA penalty taxes for 2013 and likely to pay even higher FUTA taxes for 2014. For 2013, employers in Delaware will be required to pay \$84 per employee; employers in Arkansas, California, Connecticut, Georgia, Kentucky, Missouri, New York, North Carolina, Ohio, Rhode Island, and Wisconsin will pay \$105 per employee; and employers in Indiana and the Virgin Islands will pay \$126 per employee. These are dramatic increases from the normal \$42 base FUTA per employee tax.

Fourteen states and the Virgin Islands currently owe over \$19.7 billion in federal loan debt. In addition, employers in Colorado, Idaho, Illinois, Michigan, Nevada, Pennsylvania and Texas are paying or will pay billions in assessments to cover debt service for bonds to repay federal debt.

Proposals that would increase the FUTA tax base would impose immediate state unemployment tax increases not only in states with outstanding federal loans, but also in states that already have healthy state UI trust fund balances. A FUTA tax base increase from \$7,000 to \$14,000 would immediately increase state UI taxes in 29 states, placing additional tax burden on employers at a time when their investment in job creation is critical to our nation's economic recovery.

We urge you to oppose increases in the already increasing unemployment tax burden and provide state flexibility in addressing state unemployment trust fund solvency.

American Staffing Association
American Council of Engineering Companies
American Supply Association
National Federation of Independent Business
National Grocers Association
National Restaurant Association
National Roofing Contractors Association
UWC- Strategic Strategies
Arkansas State Chamber of Commerce
Associated Industries of Arkansas
Associated Industries of Florida
Associated Industries of Massachusetts
Associated Industries of Oregon
Association of Washington Business
Colorado Association of Commerce & Industry
Connecticut Business & Industry Association
Georgia Association of Manufacturers
Illinois Chamber of Commerce
Indiana Chamber of Commerce
Indiana Manufacturers' Association
Iowa Association of Business and Industry
Kansas Chamber of Commerce
Kentucky Chamber of Commerce
Louisiana Association of Business and Industry
Michigan Chamber of Commerce
Michigan Manufacturers Association
Missouri Association of Manufacturers
Missouri Chamber of Commerce
Missouri Merchants and Manufacturers Association
Montana Chamber of Commerce
Nebraska Chamber of Commerce & Industry
New Jersey Business & Industry Association

New Jersey State Chamber of Commerce
North Carolina Chamber of Commerce
Ohio Chamber of Commerce
Ohio Manufacturers' Association
Pennsylvania Chamber of Business and Industry
Texas Association of Business
The Association of Commerce & Industry of New Mexico
The Business Council of New York State
The State Chamber of Oklahoma
Virginia Chamber of Commerce
Wisconsin Manufacturers and Commerce
California Chamber of Commerce
Associated Builders and Contractors of California
Associated General Contractors of California
California Association of Health Facilities
California Association for Health Services at Home
California Association of Hospitals and Health Services
Unemployment Insurance Division
California Association of Sheet Metal and Air Conditioning Construction National Association
California Automobile Business Coalition
California Automobile Wholesalers
California Business Roundtable
California Construction & Industrial Materials Association
California Farm Bureau Federation
California Grocers Association
California Independent Grocers Association
California Manufacturers & Technology
California Retailers Association
California Restaurant Association
California Taxpayers Association
California Association of Winegrowers
Chamber of Commerce Mountain View
Chambers of Commerce Alliance of Ventura and Santa Barbara Counties
Claremont Chamber of Commerce
Clovis Chamber of Commerce
Family Business Association of California
Fullerton Chamber of Commerce
Greater Area Bakersfield Chamber of Commerce
Greater Conejo Valley Chamber of Commerce
Long Beach Chamber of Commerce
Orange Chamber of Commerce
Orange County Business Council
Palm Desert Area Chamber of Commerce
Rancho Cordova Chamber of Commerce
Redondo Beach Chamber of Commerce
San Diego Regional Chamber of Commerce
San Fernando Valley Chamber of Commerce
Santa Clara chamber of Commerce and Convention Visitors Bureau
AMN Healthcare, Inc.

Cc: The Honorable Chris Van Hollen
The Honorable Jeff Sessions