



March 2, 2022

Majority Leader Andrea Stewart-Cousins
 Legislative Office Building, Room 907
 Albany, NY 12247

Speaker Carl Heastie
 Legislative Office Building, Room 932
 Albany, NY 12248

Senate Minority Leader Rob Ort
 Capitol Building, Room 315
 Albany, NY 12247

Assembly Minority Leader Will Barclay
 Legislative Office Building, Room 933
 Albany, NY 12248

Re: Unemployment Insurance Trust Fund and Taxes

Dear Leaders,

We, the undersigned organizations representing thousands of businesses across New York, in all sectors and of all sizes, are respectfully requesting that the State allocate at least two

to three billion dollars to the Unemployment Insurance Trust Fund to address the increased taxes on all businesses and the state's outstanding debt.

Nearly two years after the start of the pandemic, employers, particularly small businesses, continue to face unprecedented challenges. Every sector and industry are confronted with severe labor shortages, rising inflation, and supply chain disruptions while also managing the losses, uncertainty, and unpredictability stemming from COVID-related restrictions and ever-changing public health guidance. According to a recent survey by NFIB, 63 percent of small businesses have not seen their sales volume return to pre-COVID levels and 66 percent anticipate that their local community will not return to pre-crisis level of economic activity until sometime in the second half of 2022 or later.¹ Additionally, the New York State Comptroller released a report finding that four out of five small businesses continue to suffer from a negative overall impact from COVID-19.² New York's economy remains fragile and any progress towards recovery from the pandemic will only be further delayed until the State addresses Unemployment Insurance taxes and the solvency of the Trust Fund.

The pandemic completely upended the Unemployment Insurance system. New York's actions to shut down non-essential businesses and impose restrictions resulted in massive layoffs. The private sector shed more than 1.7 million jobs in March 2020, driving unemployment from 4.4 percent to 16.2 percent. Extraordinary amounts of money flowed out of New York's UI Trust Fund to satisfy claims, and the State needed to borrow more than \$11 billion from the federal government. The outstanding loan and completely depleted UI Trust Fund have forced all employers into the highest employer contribution rates allowable under New York's UI tax tables, meaning all businesses are paying the highest possible UI tax rate related to the fund balance. With \$9.3 billion outstanding on the state's federal UI advance, New York employers are subject to these highest rates for a decade or more.

As a business community, we are eager to be a collaborative partner with all of our elected leaders to address the state's UI deficit and high employer tax levels. This is a grave issue that demands the State's attention - inaction will only delay New York's economic recovery. According to the New York State Comptroller, compared to contributions made in 2020, total state and federal UI taxes paid by New York employers will increase by at least 45.4 percent to as much as 254 percent in 2025.³ This would be catastrophic for our state's job creators.

¹ "Covid-19 Small Business Survey (21)." NFIB Research Center, January 2022.

<https://assets.nfib.com/nfibcom/Covid-19-Survey-21.pdf>.

² Office of the New York State Comptroller, New York's Economy and Finances in the COVID-19 Era March 18, 2021, Edition, <https://www.osc.state.ny.us/reports/impact-covid-19-march-18-2021>.

³ Office of the New York State Comptroller, Unemployment Insurance Trust Fund: Challenges Ahead, September 2021. <https://www.osc.state.ny.us/files/reports/pdf/unemployment-insurance-trust-fund.pdf>.

With the preparation of one-house budget bills and Fiscal Year 2023 budget negotiations underway, the State should devote unspent federal and/or surplus state revenues to the UI system to fund the following employer tax relief measures:

- Offset the tax reduction in S.6791-A,A.7788-A (which restores New York’s UI tax levels to their pre-pandemic, 2019 levels) to ensure the UI trust fund receives proper funding;
- Pay any interest payments due on New York State’s federal UI program advance for calendar years 2022 and 2023;
- Offset any increase in net FUTA taxes applicable to New York employers for calendar years 2022 and 2023; and
- Make a significant payment towards New York’s outstanding federal program advance.

As of the end of 2021, 32 states have used CARES Act or ARPA funds to support their UI Trust Funds, providing relief to their full employer community.⁴ New York State must do the same by allocating the funding and resources to its UI system as soon as possible. A large share of 2020 job loss was driven by pandemic-based public policy mandates, not employer actions; consequently, New York State has the responsibility to address this issue. Replenishing the UI Trust Fund should not and cannot solely fall on the backs of New York employers for actions mandated by state government and which have already suffered immense financial harm.

On behalf of businesses across New York, we look forward to working with you to provide relief to our state’s businesses while restoring the UI system. These actions will help ensure a full economic recovery and the growth of businesses, jobs, and public revenue.

Sincerely,

Amherst Chamber of Commerce
Associated Builders and Contractors, Empire State
Associated General Contractors of New York State
Association for a Better Long Island
Big I New York
Buffalo Niagara Partnership
Capital Region Chamber
Chemung Chamber of Commerce
Commerce Chenango
Corning Area Chamber of Commerce
Dutchess County Regional Chamber of Commerce
Empire State Forest Products Association

⁴ “States Have \$95 Billion to Restore their Unemployment Trust Funds—Why Aren’t They Using It?” Tax Foundation, September 2021. <https://taxfoundation.org/state-unemployment-trust-funds-2021/>.

Empire State Society of Association Executives
Food Industry Alliance of New York State
Fulton Montgomery Regional Chamber of Commerce
Greater Binghamton Chamber of Commerce
Greater Rochester Chamber of Commerce
Greater Rochester Enterprise
Greater Utica Chamber of Commerce
Greece Regional Chamber of Commerce
Lawn Medic
Long Island Association
Long Island Builders Institute
MACNY, The Manufacturers Association
National Federation of Independent Business (NFIB) in New York
New York Association of Convenience Stores
New York Farm Bureau
New York Green Industry Council
New York Insurance Association
New York State Association of Healthcare Providers, Inc.
New York State Builders Association
New York State Economic Development Council
New York State Hospitality & Tourism Association
New York State Restaurant Association
New York State Turfgrass Association
New York State Vegetable Growers Association
North Country Chamber of Commerce
Northeast Agribusiness and Feed Alliance
Northeast Dairy Producers Association
Northeastern Retail Lumber Association
Orange County Chamber of Commerce
Partnership for New York City
Retail Council of New York State
Seneca County Chamber of Commerce
The Business Council of New York State
The Business Council of Westchester
Trucking Association of New York
Ulster County Regional Chamber of Commerce
Upstate United
Watkins Glen Area Chamber of Commerce
Wyoming County Chamber of Commerce

CC: Entire New York State Senate & Assembly