



NEW YORK STATE SENATOR

Anna M. Kaplan

## New York State Senators Send Letter to Gov. Hochul Urging Replenishment of the Unemployment Insurance Trust Fund

SEAN ROSS COLLINS December 17, 2021

| ISSUE: **UNEMPLOYMENT INSURANCE, SMALL BUSINESS, MANDATE RELIEF, ECONOMIC RECOVERY, MAIN STREETS**

*Group of lawmakers sign on to **letter written by Senator Anna M. Kaplan** proposing that NYS allocate \$2.5 billion of surplus revenue to protect New York businesses from crushing unemployment insurance tax hikes and help restore solvency of the fund*

CARLE PLACE, NY (December 17, 2021) - Today, **Senator Anna M. Kaplan**, Chair of the New York State Senate Committee on Commerce, Economic Development, and Small Business, **sent a letter** to **Governor Kathy Hochul** urging the Governor to prioritize replenishment of the State's Unemployment Insurance Trust Fund using \$2.5 billion of surplus revenue. The letter was signed by fellow Senators **Alessandra Biaggi, John E. Brooks, Jeremy A. Cooney, James F. Gaughran, John W. Mannion, Elijah Reichlin-Melnick, Diane J. Savino, James Skoufis, and Kevin Thomas**. **The letter can be viewed by clicking here.**

**Senator Anna M. Kaplan** said "so many of our State's small businesses barely survived the challenges of the pandemic, and if we hit them with massive increases in their unemployment insurance taxes now, many will be forced to close their doors for good. We can't expect small businesses to shoulder this burden alone, and our long-term economic recovery depends on us taking bold action to solve this crisis. I urge the Governor to heed our call and use some of the State's surplus revenue to replenish the UI trust fund."

**Ashley Ranslow, New York Assistant State Director for the National Federation of Independent Business (NFIB)**, said "Enormous UI tax bills are crushing small businesses as they continue to face extraordinary challenges from the pandemic. NFIB strongly supports using unspent federal funds to help lower UI tax bills while tackling the state's \$9 billion in UI debt. We thank Senator Kaplan and her colleagues for prioritizing solutions to tackle this issue. Main Street's economic recovery depends on it."

**Heather C. Briccetti, Esq., President & CEO of The Business Council of New York State, Inc.**, said "We strongly support using available federal funds to help address New York unemployment insurance fund debt. This will help all New York employers, especially small business and MWBEs that are still facing economic challenges, that are paying significantly increased UI taxes due to layoffs resulting from state-mandated business restrictions. Thirty-two other states have already applied CARES act or ARPA funds to help pay federal loans and stabilize their UI systems. We applaud this proposal from Senator Kaplan and her colleagues."

**Full text of the letter:** *"We write today to respectfully request that New York State allocate \$2.5 billion of its surplus revenue to replenish the Unemployment Insurance Trust Fund. Allocating this funding will help restore the solvency of the fund, as well as to help mitigate any potential unemployment insurance tax increase on businesses here in New York.*

*As of the writing of this letter, 31 other states have used American Rescue Plan funds or CARES Act funding to replenish their respective state's Unemployment Insurance trust funds. In doing so these states have provided significant relief to employers and have helped to support the growth of their economies. Almost two years from the start of the pandemic, we are seeing promising signs of recovery*

*and must do everything in our power to keep our economic recovery moving forward. However, many employers, especially our small businesses are still struggling to reach their pre-pandemic heights. A recent survey by the National Federation of Independent Business (NFIB) shows that 73 percent of small businesses have not experienced an economic return to pre-pandemic levels. Further, a report by Comptroller DiNapoli also points out that 59 percent of small businesses anticipate that their community will not return to pre-crisis levels of economic activity until the second half of 2022 at the absolute earliest. With the Omicron variant and the threat that it brings now here in New York, there is much fear that any economic improvement may not be sustainable.*

*In March of 2020, the private sector lost more than 1.7 million jobs, which drove unemployment from 4.4 percent to 16.2 percent. As you well know, with most businesses having to shut down or severely reduce services to help stop the spread of the COVID-19, businesses were not responsible for the increase in the unemployment rate but were rather a necessary reaction to ensure appropriate public health mandates were met. The incredible number of claims exhausted the funds New York initially held in the Unemployment Insurance Trust fund and has forced employers into the highest employer contribution rate allowable under current New York State law. With New York having to borrow \$11 billion from the Federal government to pay out these claims, employers are now responsible for paying that back. Currently, New York still owes the Federal government \$9.3 billion that without being addressed will guarantee New York State businesses will be paying the highest Unemployment Insurance rate allowable for years to come. For context, according to Comptroller DiNapoli, when compared to 2020 contributions, total state and federal Unemployment Insurance taxes paid by New York businesses will increase by at least 45.4 percent to as much as 254 percent in 2025, which would be catastrophic to these businesses, imperiling thousands of jobs across the state, and sabotaging our long-term economic recovery.*

*We appreciate your willingness to consider this request and look forward to working with you to support New York's businesses so that they will not be forced to deal with the catastrophic impacts that await them in the event we fail to replenish the Unemployment Insurance Trust Fund."*