



NEW YORK STATE SENATOR

Patrick M. Gallivan

Senator Gallivan Calls on Governor to Suspend Unemployment Insurance Surcharge Imposed on NY Businesses

JIM RANNEY July 28, 2022

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Senator Patrick M. Gallivan (R-C-I, Elma) is calling on Governor Hochul to take immediate action to protect businesses in New York State from surcharges related to the billions of dollars in unemployment benefits paid to employees during the COVID-19 pandemic. All businesses that pay unemployment insurance are being billed an Interest Assessment Surcharge (IAS) to help cover the interest cost on money the state borrowed from the federal government to meet the unprecedented demand for unemployment benefits between March 2020 and September 2021.

According to the Department of Labor, the IAS rate is 0.23% and averages about \$27.60 per employee.

“Businesses large and small, still trying to recover from the negative impact of the pandemic and being forced to shut down, are now being hit with an unexpected Unemployment Insurance surcharge that for some is in the thousands of dollars,” Senator Gallivan said. “Putting this financial burden on the backs of New York businesses and local governments at a time when many are already facing increased operating costs is unconscionable.”

In a letter to Governor Hochul, Senator Gallivan and his colleagues in the Senate Minority Conference noted that the FY 2023 enacted state budget included an appropriation of \$250 million to specifically cover costs related to the interest owed on the loan from the federal Unemployment Trust Fund.

The Senators are calling on the governor to direct the Department of Labor to stop billing businesses for this surcharge and to cover the costs with existing state funds.

During the pandemic, DOL paid more than \$110 billion in unemployment benefits, depleting the Unemployment Insurance Trust Fund. As a result, New York and many other states borrowed from the federal government to maintain UI benefits. The state has paid back more than \$1-billion, but has a loan balance of \$8.1-billion.

The annual Interest Assessment Surcharge on the federal loan is due September 30, 2022.