



TO: The Honorable Members of the Pennsylvania General Assembly

FROM: PA Chamber of Business and Industry
National Federation of Independent Business

DATE: June 15, 2022

RE: Help employers avoid UC tax increases

On behalf of employers throughout the Commonwealth we urge you to allocate funding to address Pennsylvania's depleted Unemployment Compensation (UC) Trust Fund and help employers avoid tax increases.

The pandemic and broad business shutdown orders prompted historic demand on Pennsylvania's UC system, eventually depleting the UC trust fund and forcing the Commonwealth to borrow from the federal government to pay the state share of benefits.

While new UC claims have slowed, the need to borrow from the federal government remains, which will trigger automatic employer tax increases in the years ahead, costing employers hundreds of millions of dollars beyond the billions in UC taxes already paid annually.

Employers accept responsibility for financing UC and have shouldered the burden of federal debt in the past, including following the Great Recession. The current situation is unique, however, given that much of the cost was the result of mandatory business shutdowns or fraudulent claims, factors outside of employers' control.

Accordingly, the federal government has authorized states to utilize American Rescue Plan funding to address UC. Many states have embraced this opportunity to help employers avoid tax increases: Democratic-majority states like Connecticut and Washington; Republican-majority states like Alabama and Texas; neighbors like Ohio and Maryland, and many others.

Pennsylvania could similarly help employers avoid tax increases and we urge lawmakers to consider this proposal as you continue work on the 2022-2023 budget. Thank you.