



TO: The Honorable Members of the PA Senate Labor and Industry Committee

FROM: Alex Halper, Director, Government Affairs

DATE: September 21, 2022

RE: Support S.B. 1319 -- Unemployment Compensation employer tax rate fix

The PA Chamber urges support for S.B. 1319 to help employers avoid an unfair increase to their unemployment compensation taxes. The committee is scheduled to consider the bill today.

Employers' UC tax rates are partially based on experience and they can qualify for lower taxes by avoiding layoffs. Some employers who have earned low tax rates have recently been notified of unexpected significant rate increases as a result of a prolonged pandemic-related shut down. Under current law, an employer who reports no payroll in one of the last three years loses their experience-based rating and reverts to the default tax rate. This policy might make sense under normal circumstances but not when businesses were compelled to shut down.

S.B. 1319 provides a targeted, temporary exemption for employers who shut down during the pandemic so they can maintain the positive experience rating they have earned by avoiding layoffs over the years.

We understand from the Department of Labor & Industry that this exemption will help around 2,700 employers and cost the UC Trust Fund roughly \$585,000 which is not expected to materially impact the solvency status of the Fund.

We urge support for this bill. Please contact Alex Halper at ahalper@pachamber.org or 717-645-8730 with questions or to discuss.