



January 12, 2022

Dear Members of the Minnesota Legislature:

In early December, the Office of Minnesota Management and Budget (MMB) released Minnesota's budget forecast showing billions of surplus dollars, \$7.7 billion to be exact. The following week, the Minnesota Department of Employment and Economic Development (DEED) sent notifications to employers outlining significant Unemployment Insurance (UI) payroll tax rate increases. **The United for Jobs Coalition, with more than 100 trade associations and local chambers representing tens of thousands of Minnesota businesses, asks that you take immediate action to stabilize Minnesota's UI Trust Fund and hold Minnesota businesses harmless from increased UI costs associated with the COVID-19 pandemic.** Absent state efforts to address the more than \$1.1 billion deficit and restore the Trust Fund to its nearly \$2 billion required reserve levels, employers will see UI payroll taxes skyrocket. While the payroll tax increase will take effect in January, the first payments will be due in April giving the Legislature the opportunity to prevent these increases.

In addition to a \$7.7 billion state surplus, Minnesota has over \$1 billion more unspent federal pandemic relief funds that can be made available for this purpose. In fact, 31 other states have used federal pandemic relief funds from the CARES Act and ARPA to repay unemployment debt. **We urge you to use existing and available state and federal funds to repay the state's federal UI loan and bring the Trust Fund to solvency** in order to lessen the burden on Minnesota's employers and employees. Every day the state does not address the UI deficit, Minnesota accrues interest at a rate of 2.28%; as of today, the state owes an additional \$6.6 million.

Early action should be taken to resolve this deficit prior to the payroll tax payment that will be due in April 2022. In the interim, it would be prudent to delay calculating the 2022 UI payroll tax rates until the legislature determines how much will be invested into the UI Trust Fund. **Similar to actions taken during the pandemic, the legislature should continue to hold the UI base tax rate, additional assessment, and taxable wage base at 2021 levels and continue to exclude pandemic-related claims from experience ratings** while this issue remains unresolved.

It is important to note that Minnesota's UI Trust Fund was well positioned before the pandemic, and maintained a \$1.5 billion surplus. This demonstrates the long-standing commitment of – and consistent cost burden to – Minnesota's business community in maintaining a strong unemployment insurance safety net over time. Employers in Minnesota always have and always will subsidize the UI system; we are not asking to remove this obligation entirely, we are asking for the payroll tax rates to remain at their current levels so that Minnesota businesses are not further penalized for pandemic unemployment.

On behalf of the thousands of Minnesota businesses we represent, the United for Jobs Coalition urges you to consider these options to accelerate the stabilization of the UI Trust Fund and prevent unnecessary and significant UI payroll tax increases. These efforts will support workers, support businesses and benefit our entire economy.

Thank you for your consideration of this request.

Albert Lea-Freeborn County Chamber of Commerce  
Alexandria Lakes Area Chamber of Commerce  
Anoka Area Chamber of Commerce  
Apple Valley Chamber of Commerce  
Associated Builders and Contractors  
Associated General Contractors of Minnesota  
Austin Area Chamber of Commerce  
Bemidji Area Chamber of Commerce  
Big I Minnesota  
Brainerd Lakes Area Chamber of Commerce  
Builders Association of Minnesota  
Builders Association of the Twin Cities  
Building Owners & Managers Association (BOMA) St. Paul  
Burnsville Chamber of Commerce  
Cloquet Area Chamber of Commerce  
Cuyuna Lakes Chamber of Commerce  
Dakota County Regional Chamber of Commerce  
Duluth Area Chamber of Commerce  
Eden Prairie Chamber of Commerce  
Elk River Area Chamber and Commerce  
Faribault Area Chamber of Commerce & Tourism Bureau  
Fergus Falls Area Chamber of Commerce  
Grand Rapids Area Chamber of Commerce  
Greater Mankato Growth  
Greater Minneapolis Building Owners and Managers  
Association Greater Stillwater Chamber of Commerce Greater  
St. Paul Building Owners and Managers  
Hastings Area Chamber of Commerce & Tourism Bureau  
Hermantown Area Chamber of Commerce  
Hibbing Area Chamber of Commerce  
Hospitality Minnesota  
Housing First  
Hutchinson Area Chamber of Commerce  
Insurance Federation of Minnesota  
International Falls Area Chamber of Commerce  
Iron Mining Association of MN  
Lake City Area Chamber of Commerce  
Lake County Chamber of Commerce  
Lakeville Area Chamber of Commerce & CVB  
Laurentian Chamber of Commerce  
Litchfield Chamber of Commerce  
Marshall Area Chamber of Commerce  
Medical Alley Association  
Metalcasters of Minnesota  
MetroNorth Chamber of Commerce  
Midwest Food Products Association  
Minnesota AgriGrowth Council  
Minnesota Association of Convention and Visitors Bureaus  
Minnesota Association of Public Accountants  
Minnesota Automobile Dealers Association  
Minnesota Bankers Association  
Minnesota Beverage Association  
Minnesota Business Partnership  
Minnesota Chamber of Commerce  
Minnesota Chamber of Commerce Executives  
Minnesota Child Care Association  
Minnesota Contractors of the National Electrical Contractors  
Association  
Minnesota Crop Production Retailers  
Minnesota Drywall & Plaster Association  
Minnesota Environmental Contractors Association  
Minnesota Floorcovering Contractors Association  
Minnesota Forest Industries  
Minnesota Grocers Association  
Minnesota High Tech Association  
Minnesota Mechanical Contractors  
Minnesota Milk Producers Association  
Minnesota Nursery & Landscape Association  
Minnesota Painting and Wallcovering Employers Association  
Minnesota Pork Producers Association  
Minnesota REALTORS  
Minnesota Recruiting and Staffing Association  
Minnesota Retailers Association  
Minnesota Service Stations and Convenience Stores  
Minnesota Shopping Center Association  
Minnesota Ski Areas Association  
Minnesota Society of CPAs  
Minnesota Subcontractors Association  
Minnesota Telecom Alliance  
Minnesota Trucking Association  
Minnesota Utilities Contractors Association  
Minnesota Utility Investors  
Minnesota Mechanical Contractors Association  
Minnesota Precision Manufacturing Association  
NAIOP Minnesota  
National Federation of Independent Business  
National Shooting Sports Foundation  
New Ulm Area Chamber of Commerce  
Northfield Area Chamber of Commerce  
Owatonna Area Chamber of Commerce & Tourism  
Pipestone Area Chamber of Commerce & CVB  
Redwood Falls Area Chamber of Commerce  
River Heights Chamber of Commerce  
Rochester Area Chamber of Commerce  
Shakopee Chamber & Visitors Bureau  
SouthWest Metro Chamber of Commerce  
St. Cloud Area Chamber of Commerce  
The Chamber Grand Forks & East Grand Forks  
Thermal Insulation Contractors Association  
Tri-State Manufacturers' Association  
Twin Cities North Chamber of Commerce  
Waconia Chamber of Commerce  
Waseca Area Chamber of Commerce  
White Bear Area Chamber of Commerce  
Willmar Lakes Area Chamber of Commerce  
Winona Area Chamber of Commerce  
Woodbury Area Chamber of Commerce  
Worthington Area Chamber of Commerce