

Chapter 2

2021 Regular Session

Subject Unemployment Experience Rating

Bill S.F. 192, First Engrossment

Analyst Marta James

Date February 2, 2021

Overview

This law keeps taxpaying employers' 2021 experience ratings for unemployment insurance tax rates the same as 2020. Governor Tim Walz signed this act into law January 29, 2021.

Summary

Section	Description
---------	-------------

- | | |
|---|--|
| 1 | <p>Computation of future tax rate; effect of payment from trust fund.</p> <p>Provides that unemployment insurance benefits paid as a direct or indirect result of COVID-19 cannot be used to calculate a taxpaying employer's experience rating for 2021 or any year after.</p> |
| 2 | <p>Calendar year 2021 temporary employer experience rating.</p> <p>Keeps taxpaying employers' 2021 experience ratings the same as calendar year 2020 by modifying the period used to calculate them. The experience rating is calculated each year for a taxpaying employer and is part of their unemployment insurance tax rate. Generally the experience rating increases the more unemployment that an employer's workers experience. For 2021, an existing taxpaying employer's experience rating would be based on the 2020 rate calculated for the period ending June 30, 2019. For a new taxpaying employer, their 2021 experience rating would be based on the 2020 industry average rate calculated for the period ending June 30, 2019. Means that taxpaying employers will not see a tax increase from their experience rating for 2021 as a result of increased unemployment.</p> |
| 3 | <p>Taxable wages for calendar year 2021.</p> <p>Keeps taxable wages used to calculate a taxpaying employer's experience rating for 2021 the same as calendar year 2020. Includes wages up to \$35,000.</p> |



**MN HOUSE
RESEARCH**

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn/hrd | 651-296-6753 | 155 State Office Building | St. Paul, MN 55155