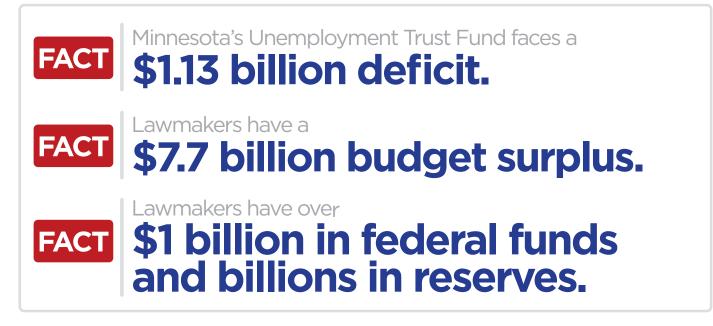


Don't penalize business for pandemic unemployment

MINNESOTA CHAMBER OF COMMERCE

Legislators will debate how to repay the depleted Unemployment Insurance Trust Fund this legislative session. But businesses shouldn't be penalized and taxed to repay the state's unemployment debt while still recovering from the COVID-19 pandemic. Especially when federal and state funds were and are available to cover this pandemic-related expense.



When businesses were shut down early in the pandemic, hundreds of thousands of workers accessed unemployment insurance. By May of 2020, unemployment hit a record high 11.3%, and the state's unemployment insurance system processed nearly 800,000 applications. This emptied the Unemployment Insurance (UI) Trust Fund that now has a deficit of over \$1 billion. At the same time, relief funds flooded into the state. The federal Coronavirus Aid, Relief and Economic Security (CARES) Act provided \$2 billion and the federal American Rescue Plan Act (ARPA) provided \$2.83 billion, to help with pandemic related expenses. Most other states - 31 of them, to be exact - used relief funds to replenish unemployment. But Minnesota didn't use a dime for this purpose.

31 states have used CARES Act or ARPA funds to repay unemployment insurance.



If policymakers don't act, employers will be hit with double digit payroll tax increases.



The Legislature must act

•Use existing funds to repay the state's unemployment insurance debt



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400 Robert Street North, Suite 1500, St. Paul, MN 55101 800.821.2230 • 651.292.4650 www.unitedforjobsmn.com