



MEMO OF SUPPORT

Senate bill 1197(Persaud)/Assembly bill 2001A (Zebrowski) COVID-19 Unemployment Insurance Tax Legislation

Update: Bill was signed by Governor Cuomo; it takes effect immediately

The Manufacturers Association, MACNY, supports S.1197 (Persaud)/A.2001A (Zebrowski) that would prohibit the inclusion of claims for unemployment insurance arising from the closure of an employer due to the COVID-19 pandemic from being included in experience rating charges.

Regular unemployment insurance benefits (excluding recent federally funded emergency benefits) are paid for by taxes on employers. While Unemployment Insurance (UI) taxes in general are based on the cash balance in the state's unemployment insurance account, employer-specific rates are further adjusted based on the level of UI benefits paid to their former employees. This "experience rating" assures that employers responsible for more layoffs and more unemployment insurance payments also pay proportionately higher UI taxes.

This legislation would provide relief to employers that are facing steep tax increases while already dealing with financial hardships and challenges because of the ongoing COVID-19 pandemic. For this main reason, we support the legislation.