



June 24, 2022

Speaker Carl Heastie  
Majority Leader Andrea Stewart-Cousins  
NYS Capitol Building  
Albany, NY 12247

### Re: Addressing UI Crisis in Special Session

Dear Speaker Heastie and Majority Leader Stewart-Cousins:

As the Legislature returns to Albany for a Special Session, the Buffalo Niagara Partnership, on behalf of its members who employ over a quarter million people in the region, urges you to use this opportunity to provide Unemployment Insurance (UI) relief.

New York's UI Trust Fund is in debt. During the pandemic, the state saw unprecedented levels of UI usage. To finance the uptick in usage, the state took a loan from the federal government. Because the UI trust fund holds this liability, employers are stuck with higher UI rates to pay off that debt.

On June 10, Comptroller Tom DiNapoli warned that this issue will result in significant cost increases for employers, stating:

"If New York does not repay its outstanding advance by November 10, 2022, the federal UI tax rate will increase by 0.3 percent to 0.9 percent for 2022. This would represent an additional annual federal tax payment of \$21 per employee; compared to 2020, the new rate would represent an **increase in total tax payments of 30.5 percent** for employers required to pay the highest UI tax rates and of **182.3 percent** for those who currently pay the lowest rates. If New York continues to hold an outstanding balance on January 1, 2023, employers' federal tax rate will go up to 1.2 percent, representing an additional cost of \$42 per employee over current levels. This additional cost will increase by \$21 per year for each employee as long as New York retains an outstanding balance on November 10 in the relevant tax year."<sup>1</sup>

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<sup>1</sup> Tom DiNapoli, "Update on New York's Unemployment Insurance Trust Fund: Challenges Continue," *Office of the State Comptroller*, 10 June 2022. <https://www.osc.state.ny.us/reports/update-new-yorks-unemployment-insurance-trust-fund-challenges-continue>.

The Comptroller makes clear that this issue is urgent. Waiting until January to address this issue will result in even higher rate increases. However, if you address this issue this week, you can insulate employers from this burden.

Twenty-one states have used their American Rescue Plan funds to either pay down their debt or replenish their UI trust funds. Between receiving a windfall of cash from the federal government as well as higher-than-expected tax revenue, New York has the means to address this issue. Employers across the state will be watching to see if leaders have the will.

The BNP urges you to address this urgent issue during next week's Special Session by allocating state funds to reduce the UI Trust Fund's outstanding \$8.1 billion balance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dottie Gallagher', is positioned above the typed name.

Dottie Gallagher  
President and CEO  
Buffalo Niagara Partnership

CC: Governor Kathy Hochul  
Lt. Governor Antonio Delgado  
Comptroller Tom DiNapoli  
Minority Leader Robert Ort  
Minority Leader Will Barclay