

Why Is HB 5314 Good for Connecticut?

HB 5314 An Act Concerning Interest Payments on Advances from the Federal Unemployment Account-- Calls for an estimated \$60 million of the projected state budget surplus to be used to pay a portion of the interest owed on funds Connecticut borrowed from the federal government to keep the state's unemployment compensation system afloat.

Here's why:

- **Recession's impact:** Because of the recession, the state Labor Department had to borrow more than \$710 million from the federal government to shore up the state's Unemployment Compensation Trust Fund. (The debt is a result of the extra weeks of benefits the state required businesses pay to claimants during the period of prolonged high unemployment.)
- **Extra tax:** The federal government imposes an additional tax on businesses that increases each year until that debt is paid off. Even businesses that never had to lay off an employee have seen their federal unemployment tax increase by thousands, or in many cases, tens of thousands of dollars.
- **Special assessment:** To make additional headway on this debt, businesses have also been subjected to a yearly special assessment (\$15 per employee in 2013) each July.
- **Two more years:** It is projected the debt to the federal government will not be paid off until 2016 – meaning businesses face at least two more years of additional tax increases and special assessments.
- **Use the surplus:** HB 5314 calls for an estimated \$60 million of the projected state budget surplus to be applied to reduce the interest due on the federal loan – giving businesses a hand up so they can get back to hiring again.

Government policy caused Connecticut's Unemployment Compensation Trust Fund Debt – but the business community is stuck with the bill.

**Tell your legislator that
HB 5314 is #Good4CT**