

# Inter-County Association of Western New York

*Representing the Counties of Allegany, Cattaraugus, Cayuga, Chautauqua, Chemung, Erie, Genesee, Livingston, Monroe, Niagara, Ontario, Orleans, Schuyler, Seneca, Steuben, Tompkins, Wayne, Wyoming, and Yates.*

## RESOLUTION NO. 2023-09-IC

### OPPOSING NEW YORK STATE'S POOR FISCAL POLICIES RESULTING IN PRIVATE EMPLOYER FUTA CREDIT REDUCTIONS

**Sponsored By:** Cattaraugus County

**Moved By:** Rick Helmich (Cattaraugus)

**Seconded By:** Thomas Sweet (Chemung)

**WHEREAS**, the New York State Unemployment Insurance Program (UIP) provides immediate, short-term financial protection for employees who become unemployed through no fault of their own, and

**WHEREAS**, a UIP fund, administered by the State of New York, was established to provide benefit payments to eligible claimants, and

**WHEREAS**, the UIP fund is paid for by employers through an unemployment insurance contribution on their payrolls, and

**WHEREAS**, job losses caused by New York State's terrible pandemic policies, including massive inappropriate and unnecessary employer shut-downs, and failure to properly vet unemployment insurance benefit claims caused a record number of unemployment insurance claims in New York and also resulted in record unemployment insurance fraud, and

**WHEREAS**, it is estimated by the New York State Comptroller that despite two warnings over more than a decade to the New York State Department of Labor that its UI claim systems were woefully out of date, the UI system became overwhelmed by the impact of the COVID era closedown and over \$11 billion dollars were lost due to fraud, largely because of UI system undetected identity theft, and

**WHEREAS**, if collective employee claims for unemployment exceed the amount of collective employer contributions, states may take a Federal Unemployment Account (FUA) loan from the federal government to pay such unemployment claims, and

**WHEREAS**, as detailed by the Office of the State Comptroller, New York's UIP fund did not have sufficient funds to pay the surging legitimate and fraudulent unemployment insurance claims, and began to borrow funds to cover said claims from the federal government starting in May of 2020, and

**WHEREAS**, while many states had to borrow from the federal government to support UI claims during the pandemic, New York is one of only four states or territories with UI funds that continue to be in debt to the federal government, and the size of the outstanding loan balance—\$8.1 billion—is second only to California, and

**WHEREAS**, in May of 2022 while New York State paid \$1.2 billion of its federal loan, its UI debt has remained outrageously high despite steady employment gains and State tax rates that have already increased to maximum permissible levels, and

**WHEREAS**, since New York's outstanding balance was not fully repaid by November 10, 2022, interest costs mounted, as did the federal portion of employers' 2022 tax bills, and

**WHEREAS**, since New York still has outstanding FUA loans to pay benefits, the amount of the allowable credit to FUTA is now subject to reduction, and

**WHEREAS**, New York has thus sadly become a “credit reduction state” as it had an outstanding FUA loan that remained unpaid as of the repayment date and thus has become subject to a credit reduction on its Federal Unemployment Tax rate until its loan has been paid off, and

**WHEREAS**, each year a FUA loan continues to be unpaid, the credit reduction increases by 0.3%, and

**WHEREAS**, as a result, the U.S. Department of Labor announced that California, Connecticut, Illinois and New York will now be subject to Federal Unemployment Tax Act (FUTA) credit reductions for 2022, and

**WHEREAS**, as a result, private employers in these four states will pay an additional 0.3% in federal unemployment tax for wages paid to employees in these states, or up to \$21 in additional tax for each employee, based on the FUTA taxable wage base of \$7,000, and

**WHEREAS**, after notification, on January 25, Illinois Gov. J.B. Pritzker and the Illinois Department of Employment Security announced that the state officially repaid its remaining FUA trust fund loan and as a result the state will likely *not* face a credit reduction for 2023 unless it borrows again and has a loan balance on November 10, 2023, and


**WHEREAS**, employers in New York State are already subject to high taxes and burdensome regulations and should not have to pay additional FUTA tax because the State of New York was fiscally irresponsible in managing the COVID Pandemic UI claims and its resulting FUA loan, now, therefore, be it

**RESOLVED**, that Inter-County Association of Western New York states that New York State should immediately pay its FUA balance as required and not subject New York employers to additional expenditures to operate their businesses due to the State’s ill-conceived fiscal policies and deficient oversight, and be it further

**RESOLVED**, that a copy of this resolution be forwarded to each county in New York State, encouraging counties to enact similar resolutions, and be it further

**RESOLVED**, that the Secretary of Inter-County Association of Western New York is hereby directed to forward a certified copy of this resolution to Governor Kathy Hochul, Senate Majority Leader Andrea Stewart-Cousins, Senate Minority Leader Rob Ort, Assembly Majority Leader Crystal D. Peoples-Stokes, Assembly Minority Leader William Barclay, Senator George Borrello, Assemblyman Joseph Giglio, US Senators Schumer and Gillibrand, Congressman Langworthy, New York State Association of Counties, the Inter-County Association of Western New York, and all others deemed necessary and proper.

This is to Certify that I, the undersigned, Secretary of the Inter-County Association of Western New York, have compared the foregoing copy of resolution with the original resolution now on file in this office and which was duly adopted by the Association at a session held on the 21<sup>st</sup> day of April 2023 and that the same is a true copy of said original and of the whole thereof. In Witness Whereof, I have hereunto subscribed my name and affixed the official seal of the Inter-County Association of Western New York dated April 21, 2023.

  
\_\_\_\_\_  
Lisa K. Casey  
Inter-County Association of Western New York



Sponsored by: Cattaraugus County, Moved by: Rick Helmich (Cattaraugus), Seconded by: Thomas Sweet (Chemung)

2023-09-IC - 2nd page