



TO: The Honorable Members PA state House of Representatives
FROM: Alex Halper, Manager of Government Affairs
DATE: Dec. 14, 2011
RE: Support S.B. 1310 – Unemployment Compensation

On behalf of our thousands of statewide member businesses of all sizes and crossing all industry sectors, the Pennsylvania Chamber of Business and Industry writes to express support for S.B. 1310, which passed the House Labor and Industry Committee unanimously on Dec. 12th. This legislation will save employers money and begin to address the debt our Commonwealth has accrued borrowing from the federal government to pay unemployment compensation benefits. The bill is scheduled to be considered by the House this week.

Pennsylvania's UC Trust Fund is bankrupt and the Commonwealth has been forced to borrow from the federal government since March 2009 to pay state unemployment compensation benefits – accumulating over \$3 billion in debt. This debt is a significant burden on businesses, which face automatic tax increases totaling hundreds of millions of dollars per year until the amount borrowed, plus interest, is paid off.

S.B. 1310 would direct the Pennsylvania Economic Development Financing Authority to issue bonds to pay off the amount owed to the federal government in full and generally improve cash flow to and from the UC Trust Fund, **saving Pennsylvania businesses between \$160 million and \$256 million**. The bill includes other provisions that will increase annual revenue to the UC Trust Fund: a temporary amnesty program for businesses that are delinquent in paying UC taxes to have 50% of the interest waived if they pay the principal in full; and tools to target businesses evading UC taxes and recoup illegitimate overpayments made to claimants.

Pennsylvania's UC program, as currently administered, is unsustainable and significant changes will be necessary to bring solvency to the UC Trust Fund. In the meantime, S.B. 1310 will help prevent our debt to the federal government from continuing to expand at such a detrimental pace. We urge you to support this legislation. If you have any questions or concerns, please contact Alex Halper at 717-720-5471 or ahalper@pachamber.org.