

Increase in Unemployment Compensation Tax....

Committees in both the Florida Senate and Florida House took action last week to approve legislation to suspend for a period of time the changes in calculation of an employer's unemployment compensation tax previously imposed. The Florida House will consider a final bill on March 2, 2010. The Senate has placed this on a Special Order Calendar. The reasoning for the new legislation is as follows:

1. Businesses did not have any advance notice that rates were increasing so much as of January 1 2010.
2. There is hope that more businesses will be created or go back into business (ultimately employing more people) within the next two years in "recovery". (Last year 37,000 businesses went "out of business")
3. This is seen as a way to positively affect the business community Statewide (475,000 businesses)
4. The bill allows employers to make their 2010 and 2011 tax payments in quarterly installments without interest or penalties (per requirements).
5. The bill also extends benefits (in certain circumstances) for an additional 8 weeks which are 100% federally funded.
6. Bottom line – this is short term relief for 2010 and 2011. It will result in greater borrowing from the federal government to pay benefits and it delays restoring the fund balance in the Unemployment Compensation insurance trust fund.
7. Nevertheless, businesses should prepare for 2012 and for the inevitable increase.