

Subject Unemployment insurance trust fund

Authors Haley and others

Analyst Marta James

Date February 4, 2022

Overview

Makes several modifications to the unemployment insurance tax rates for calendar years 2022 and 2023. Appropriates money to replenish the unemployment insurance trust fund.

Summary

Section	Description
1	<p>Unemployment base tax rate and assessment for calendar year 2022.</p> <p>Sets the base tax rate as 0.1% and additional assessment at 0% for calendar year 2022. The base tax rate would otherwise be 0.5% and the additional assessment 14% for calendar year 2022 under current law.</p> <p>Effective the day following final enactment.</p>
2	<p>Calendar years 2022 and 2023 temporary employer experience rating.</p> <p>Provides that unemployment insurance benefits paid for applicants who are unable to work due to COVID-19 will not affect a taxpaying employer's experience rating in calendar years 2022 and 2023.</p> <p>Effective the day following final enactment.</p>
3	<p>Taxable wages for calendar year 2022.</p> <p>Freezes taxable wages for unemployment taxes at \$35,000 for calendar year 2022. Taxable wages would otherwise increase to \$38,000 under current law.</p> <p>Effective the day following final enactment.</p>
4	<p>Unemployment insurance taxes for calendar year 2023.</p> <p>Subd. 1. Base rate and additional assessment. Sets the base tax rate and additional assessment, if any, for calendar 2023 based on the amount in the unemployment trust fund the day following the transfer of funds in section 5.</p>

Section **Description**

These amounts would otherwise be based on the status of the unemployment trust fund on March 31, 2022, under current law.

Subd. 2. Special assessment. Provides that the determination to impose a special assessment for calendar year 2023 must be made October 31, 2022, or the day following the transfer of funds in section 5, whichever is later. Under current law, the special assessment, if any, would otherwise be determined in October 2022 should outstanding interest be owed on any loan from the federal unemployment trust fund in calendar year 2023.

Effective the day following final enactment.

5 Unemployment trust fund replenished; appropriations.

Appropriates American Rescue Plan money and general fund money to replenish the unemployment trust fund in fiscal year 2022.

Subd. 1. American Rescue Plan Act of 2021 funding. If there is no forgiveness for federal borrowing, requires \$750,000,000 of American Rescue Plan Act money received by the state to be used to replenish the unemployment trust fund before an additional assessment, special assessment, or any other unemployment tax increase can be charged to taxpaying employers.

Subd. 2. Appropriation. Appropriates \$750,000,000 of American Rescue Plan Act money in fiscal year 2022 to replenish the unemployment trust fund.

Subd. 3. Appropriation. Further appropriates \$1,980,000,000 from the general fund in fiscal year 2022 to replenish the unemployment trust fund.

Effective the day following final enactment.



Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn/hrd | 651-296-6753 | 155 State Office Building | St. Paul, MN 55155