



Warren Petryk

State Representative • 93rd Assembly District

Date: April 6, 2021

To: Members of the Assembly Workforce Development Committee

From: Representative Warren Petryk

Re: Testimony regarding Assembly Bill 237

Good morning Vice-Chair Dittrich and members of the committee. I appreciate this opportunity to come before you today to speak in favor of Assembly Bill 237.

Since the start of the pandemic, businesses throughout the state have been struggling to keep their doors open. Unfortunately, some business sectors like tourism and hospitality have been hit especially hard by the shutdowns and mandates.

That is why last year during the start of the pandemic the state passed Wisconsin Act 185. Of the many provisions in Act 185, one provision protected businesses against a possible huge tax increase at a time when they were trying to get back on their feet and many of them simply could not afford it.

Assembly Bill 237 is a simple and straight-forward bill that builds off that bi-partisan legislation. It says that the governor shall use part of his \$3.2 billion in discretionary funds from the American Rescue Plan to ensure that this unemployment insurance tax hike does not happen in future years either. It would do this by depositing one-time federal funds into the unemployment insurance trust fund to maintain the needed balance to keep Wisconsin businesses at a low tax rate through 2023. The deposit would only be necessary to occur if the fund were lower than \$1.2 billion on June 30.

On April 15th, next week, the Department of Workforce Development is required to issue a report on the status of the unemployment insurance trust fund. At that time, we will find out how close DWD believes the fund will be to triggering a higher tax schedule.

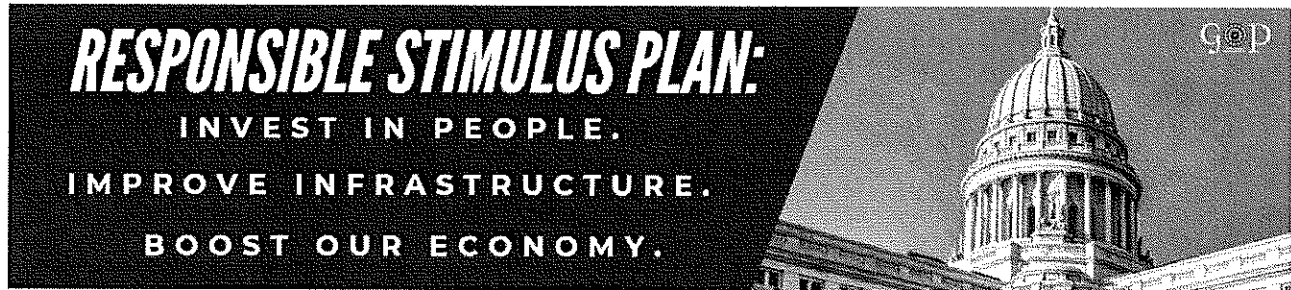
But most importantly, Assembly Bill 237 sends a positive, confident signal to businesses throughout the state that they can count on lower unemployment insurance tax rates while they work hard to recover from the effects of the pandemic.

Vice-Chair and members of the committee, I want to thank you for listening to my testimony and I look forward to your support for this needed legislation.



HOWARD MARKLEIN

STATE SENATOR • 17TH SENATE DISTRICT



April 6, 2021

Assembly Committee on Workforce Development
Testimony on Assembly Bill 237

Thank you Chair Petryk and members of the committee for the opportunity to testify in favor of Assembly Bill (AB) 237. This bill is a part of our Responsible Stimulus Plan and I appreciate the opportunity to support our efforts on behalf of the people of Wisconsin.

The Responsible Stimulus Plan reflects the legislature's priorities to invest in people, improve infrastructure and boost our economy as we recover from the COVID-19 pandemic. It is a thoughtful, thorough plan to work with the Governor to dedicate massive Federal investments from the American Rescue Plan Act (ARPA) into the things that matter most to the people we serve.

Both houses of the legislature have spent considerable time and effort to develop a real plan after listening and understanding the needs of our people, communities and industries. This plan provides relief and investment to all communities, of all sizes, statewide. Our plan puts money back into the hands of the people.

AB 237 directs the Governor to use ARPA funds to keep the Unemployment Trust Fund whole. The Trust Fund has been tapped repeatedly throughout the last year to help those who were unemployed due to COVID-19 while protecting the employers who worked hard to keep their doors open. In the near future, we will need to backfill some of this funding to avoid creating a new tax for employers all around the state.

Again, please accept this testimony in support of legislation that will support the people of our state who are working to recover and move forward after the last unprecedented year in our history. I believe this bill will make a real difference. I apologize that I was not able to attend in person due to a meeting of the Joint Committee on Finance (JFC). However, I appreciate the opportunity to testify in support of this bill.



April 6, 2021

**TO: Members
Assembly Committee on Workforce Development**

**FR: Brian Dake
Legislative Director
Wisconsin Independent Businesses**

RE: 2021 Assembly Bill 237 relating to: deposits into the unemployment reserve fund.

Chair Petryk and committee members my name is Brian Dake, Legislative Director for Wisconsin Independent Businesses. Thank you for the opportunity to testify in support of 2021 Assembly Bill (AB) 237.

Wisconsin Independent Businesses (WIB) is a state-based small business advocacy organization. We proudly represent thousands of small employers throughout Wisconsin. Our members are Main Street retailers, hometown manufacturers, and local service sector providers. Most of our members (approximately 85%) own and operate businesses that fit within the legal definition of a small business – fewer than 25 employees and/or annual gross revenues of less than \$5 million.

The COVID-19 pandemic and the whole of government response to control the spread of this insidious virus caused a spike in Unemployment Insurance (UI) benefit claims which in turn has led to a draw down in the state's UI Trust Fund – the account that receives state UI taxes paid by Wisconsin employers and pays state UI benefits to eligible claimants.

The balance in the UI Trust Fund is one of the factors that determines the state UI tax burden for Wisconsin employers. In 2019, 2020 and 2021, the balance in the UI Trust Fund has exceeded \$1.2 billion. As such, Wisconsin employers have paid the lowest tax rate schedule – Schedule D.

As of January 1, 2020, the UI Trust Fund balance was \$1.96 billion. On March 18, the Wisconsin Department of Workforce Development briefed the Unemployment Insurance Advisory Council on the financial status of the UI Trust Fund. As of February 28, 2021, the UI Trust Fund balance was just above \$1 billion.

If the UI Trust Fund balance remains below \$1.2 billion as of June 30, 2021, Wisconsin employers will pay significantly more in UI taxes in 2022 because they will be paying Schedule C tax rates.

Since the onset of the COVID-19 pandemic, shielding Wisconsin small employers from higher UI taxes has been a top public policy priority for WIB. The UI benefit charging relief set forth in 2019 Wisconsin Act 185 and 2021 Wisconsin Act 4 provided much-needed UI tax relief in 2020 and 2021 for Wisconsin small employers.

Enactment of AB 237 would shield Wisconsin small employers from higher UI taxes in 2022 and 2023. For that reason, we respectfully ask for your support of AB 237.

Thank you in advance for your consideration.