

2020 Draft Legislation Proposal
Department of Labor
Proposed Cap on the Annual Increase in Unemployment Tax Rate Schedules
Draft 1.3

An act relating to capping the annual increase of unemployment tax rate schedules.

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 21 V.S.A. § 1326 is amended as follows:

§ 1326. RATE BASED ON BENEFIT EXPERIENCE

(a) The Commissioner shall for each rate year compute a benefit ratio for each employer who meets the requirements of section 1327 of this title. For an employer whose record has been chargeable with benefits throughout the three consecutive calendar years immediately preceding the rate year for which the ratio is computed, the benefit ratio shall be the quotient obtained by dividing the total benefits charged to his or her record in such three years by the total of his or her taxable payrolls for the same three-year period; for an employer whose record has been chargeable with benefits for at least one but less than three consecutive calendar years immediately preceding the rate year for which the ratio is computed, the benefit ratio shall be the quotient obtained by dividing the total benefits charged to his or her record for such calendar year or years by the total of his or her taxable payrolls for the same period. The contribution rate of each employer, not otherwise ineligible, who meets the requirements of section 1327 of this title, shall be determined under subsections (b) through (g) of this section.

(d) The Commissioner shall compute a current fund ratio, and a highest benefit cost rate, as follows:

(1) the current fund ratio shall be determined by dividing the available balance of the Unemployment Compensation Fund on December 31 of the preceding calendar year by the total wages paid for employment during the said calendar year as reported by employers by the following March 31;

(2) the highest benefit cost rate shall be determined by dividing the highest amount of benefit payments made during a consecutive 12 month period which ended within the 10 year period ended with the preceding December 31, by the total wages paid during the four calendar quarter periods which ended within such 12 month period.

(e) The rate schedule shall be determined by dividing the current Fund ratio by the highest benefit cost rate. The applicable rate schedule shall be that schedule below the resultant quotient which appears in column C of the following table, except that in no event will the applicable rate schedule in any given year increase by more than two rate schedules from the year prior:

Sec. 2. EFFECTIVE DATE

This act shall take effect upon passage.