Senator Sirotkin,

As the President of the Vermont Insurance Agents Association, I have duty to advocate for my members and their clients. It is in this role that I am writing to you today to voice our concerns with various issues found in the S.10 Legislation.

- The first is the automatic increase in Unemployment Insurance taxes currently scheduled for July 1 that would be the system's response to the significant losses to the UI Trust Fund owing to the COVID crisis. For most employers, this would more than triple the tax rate they are paying, and even employers who already pay higher rates because of poor experience ratings would see increases of 60% and higher. This means that for most employers who have a 0 Experience Rating, their UI tax per employee would go from $58/employee to $189/employee.

- The second is a proposed one year, 20% increase in benefits that would start July 1 and could cost over $35 million. This cost would add to higher UI taxes on employers over the coming years.

Freezing the Schedule 1 rate is not just a benefit to employers, they will still have to pay but the payments will be spread out over a few years. This bill would pass on 7/1/21 and this 20% proposed increase in UI payments will have to be paid for by employers when the economy is opening up and the hospitality sector anticipates a workforce shortage. Adding 20% to the new federal aid package for UI recipients doesn't help encourage people to get back into the workforce.

We support the proposal by the Administration to freeze the UI tax rate schedule for one year and limit the amount tax rate schedules can change in any one year moving forward. **This will defer the tax increases needed to replenish the Trust Fund but not eliminate them** – it would avoid the significant tax shock currently due starting July 1, but it will require relatively higher taxes in future years to still repay the Fund over a longer period of time.

We oppose the proposal to provide a one year, 20% increase in UI benefits. The federal government has already provided very high bonus payments on top of state benefits and is expected to continue to do so through this crisis. This proposal to arbitrarily increase state benefits could cost employers an additional $35 million over the coming years and could end up going mostly to individuals who are not unemployed because of COVID.

Thank you for your time and consideration.

Respectfully,

Daniel J. Rodliff

President, VIAA