

August 12, 2020

Chairs, Vice-Chairs, Ranking and Assistant Ranking Members of Ways & Means, Appropriations and Finance Legislative Committees:

As a part of the broad coalition of business groups focused on finding solutions to the impending solvency crisis facing Washington's unemployment insurance trust fund, we ask for the state of Washington to use federal CARES Act dollars to begin backfilling our depleting unemployment insurance account.

Employers will face a triple-digit unemployment insurance rate increase in January – a combination of their individual unemployment rates, a socialized tax, the solvency tax, and the need to pay back a possible federal loan that will be needed to replenish the fund this year.

Many business owners were forced to lay off employees to meet mandates imposed to protect against the outbreak of COVID-19. Other businesses have curtailed because of the reduction in economic activity caused by pandemic related closures. This mass layoff was not because of business choices or a softening of market conditions. Instead, it was the result of swift, immediate government mandates in response to sudden, unprecedented public health concerns.

We are seeking immediate help in this time when many businesses are hanging on by a thread.

Unemployment insurance is a critical benefit needed by workers impacted by the pandemic. The UI trust fund, which provides those benefits, is funded solely by employers. Current forecasts indicate that employer taxes will have to increase dramatically to replenish the UI trust fund. These increased rates and taxes on their payrolls will only serve to continue to keep laid off employees laid off and shutter more establishments.

A first step in providing relief is supporting the use of a portion of the initial \$2.9 billion from the CARES Act already in Washington State to assist with backfilling the unemployment insurance fund. This is an easy, low-cost option to the state that can provide some relief and to ensure unemployment insurance benefits continue flowing to eligible recipients.

There, of course, will be additional steps and likely legislation needed to finish addressing this coming crisis, but this first action to actively support Washington's employer community will be instrumental in continuing to find solutions, keep

employers in businesses, and keep workers employed as we address COVID-19 recovery together.

Thank you,



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