



February 9, 2021

Chairman Klein and Senate Industry, Business and Labor Committee Members,

On behalf of the 250 members of the Lignite Energy Council, we are writing in opposition of SB2203. The current unemployment insurance tax structure does not need to be fixed because the historical track record proves that the system is working. As the committee deliberates SB2203, which proposes an additional tax for those employers choosing to job attach temporarily laid off workers and/or a mechanism for increasing taxes paid by negative balance employers, we believe that is important to consider the harmful effects these changes will have on the business climate in our state.

Currently, North Dakota's negative balance employers are paying the highest unemployment insurance tax rates in the nation. North Dakota has the highest maximum unemployment insurance taxes at \$3,672.51 per employee per year which is \$522 greater than the next highest state, which is Minnesota at \$3,150 per employee, and \$2,402 more than the national average maximum rate of \$1,270. North Dakota charges significantly more than neighboring states, with \$2,278 more than South Dakota and \$1,586 more than Montana. Any increase to the tax rate will negatively impact North Dakota's business climate at a time when we need new additional investment in the state to create more job opportunities for North Dakotans.

Employers pay unemployment insurance tax rates based upon their usage of the system, with heavier users paying significantly more per employee than light users. Any increase to unemployment insurance tax rates is not in line with North Dakota's goal of having a competitive tax and regulatory environment for businesses and would be coming at a time that businesses are trying to make their way past the COVID-19 pandemic.

Thank you for your consideration,

Jonathan Fortner
Vice President of Government Relations and External Affairs
Lignite Energy Council