

**Information relating to SB 2203**  
**Prepared for Senate IB&L Committee**  
**Senator Jerry Klein, Chairman**  
**February 9, 2021**

Job Service has a neutral position on SB 2203

**How would the proposed surcharge work?**

- Utilizing the employer's specific contribution and benefit data, employers meeting the surcharge criteria would receive notice of the surcharge in January of each year
  - Surcharge criteria – If the previous year benefits paid from an employer's account are higher than the previous year tax contributions made by the employer by more than 150%, the employer will be assessed surcharge
  - Surcharge calculation
    - Previous year benefits paid that are higher than 150% of previous year tax contributions made are assessed a 10% surcharge on the amount exceeding 150%
  - Employers will receive notice of their specific surcharge amount in January of each year
  - Employers will have until October 31<sup>st</sup> of the assessed year to make payment of the surcharge

**Example of surcharge calculations:**

- Employer X paid \$50,000 in unemployment insurance taxes in the preceding year
- The employer's employees or past employees have drawn \$85,000 in unemployment insurance benefits in the preceding year. This equates to 170% of the contribution amount ( $\$85,000 / \$50,000 = 170\%$ )
- This employer meets the >150% criteria for a surcharge assessment
- Surcharge for the year is \$85,000 minus \$75,000 (\$50,000 multiplied by 150% = \$75,000) = \$10,000 multiplied by 10% = \$1,000 surcharge.

The following table shows the surcharge impact by industry:

**1 Year Contributions and 1 Year Benefits (Bill As Written)**

Industry	Employers receiving surcharge	Employers with no surcharge	Total Surcharge by industry	Largest Single Employer Surcharge	Average Surcharge per Employee for Employers receiving surcharge
Agriculture	123	843	\$59,207.69	\$7,985.53	\$66.21
Oil, Gas, Mining	108	540	\$183,845.96	\$20,355.99	\$28.97
Utilities	6	62	\$2,411.65	\$1,274.77	\$9.37
Construction	793	2,611	\$619,791.19	\$28,373.51	\$109.71
Manufacturing	94	615	\$153,031.97	\$35,166.98	\$31.60
Wholesale	222	1,904	\$77,466.60	\$12,147.53	\$26.46
Retail	118	1,844	\$49,689.78	\$4,314.53	\$19.33
Transportation & Warehousing	145	1,353	\$62,999.49	\$6,281.72	\$25.33
Information	39	262	\$12,437.37	\$2,019.45	\$44.37
Finance & Insurance	68	1,197	\$23,960.69	\$7,655.29	\$20.63
Real Estate	71	871	\$31,277.56	\$4,671.40	\$29.22
Professional Services	300	2,440	\$78,743.00	\$6,954.41	\$39.21
Management	7	90	\$692.56	\$543.02	\$20.03
Administration	223	1,296	\$67,244.83	\$3,713.02	\$28.17
Education	16	172	\$1,329.52	\$627.72	\$26.72
Healthcare	94	1,693	\$20,229.95	\$1,487.88	\$21.13
Arts	43	357	\$8,290.70	\$953.52	\$19.08
Accommodation	126	1,655	\$24,130.10	\$1,707.18	\$13.97
Other Services	103	1,726	\$19,619.57	\$1,801.95	\$27.98
State Government	4	9	\$2,140.60	\$1,132.53	\$139.61
Local Government	21	229	\$24,827.34	\$7,298.98	\$19.14
<b>Total</b>	<b>2,724</b>	<b>21,769</b>	<b>\$1,523,368.12</b>	<b>\$35,166.98</b>	<b>\$39.98</b>

There are a couple of items that JSND would suggest for clarity and ease of administration. JSND would actively assist in the drafting of any amended language:

Items to address for clarity:

- Date of notice mailing.
- Language replacing cumulative with "preceding fiscal year" to provide clarity on the timeframe utilized for calculations. This would also coincide with the timeframe used for yearly tax rate calculations.