

## Governor Phil Murphy

# Governor Murphy Signs Legislation to Reduce UI Payroll Tax

01/4/2021

**TRENTON** – To continue supporting our small businesses impacted by the COVID-19 pandemic, Governor Phil Murphy today signed A-4853/S-3011 to reduce businesses' UI contribution rate for a period of time.

"COVID-19 continues to pose economic challenges to businesses across the state," **said Governor Murphy**. "Today's bill signing will alleviate the financial burdens many businesses are facing and help them get back on their feet during this difficult time."

This legislation will reduce the amount of an employer's unemployment taxes through Fiscal Year 2023. Additionally, the bill will permit nonprofit and governmental employers that elect to make UI payments equal to the full amount of benefits paid to individuals attributable to service in the employ of the nonprofit or governmental employer to reduce their UI benefit payments by fifty percent for the duration of the public health emergency. The bill will result in cost savings to State entities, public institutions of higher education, local governments, and school districts during the pandemic. The short-term savings will be made possible by federal unemployment insurance advances. The recently enacted federal stimulus package extended interest free borrowing of these loans through March 14, 2021. As of December 17, 2020, 20 states and the U.S. Virgin Islands have availed themselves of these loans.

"The contributions New Jersey employers have made to our Unemployment Trust Fund have helped keep a record number of workers afloat during this pandemic," **said Labor Commissioner Robert Asaro-Angelo**. "This new law will help reduce further hardship on employers, while protecting the vital lifeline of unemployment for the future."

"Many New Jersey businesses are struggling right now, and we cannot allow them to be further penalized by a rise in Unemployment Insurance costs when layoffs were the only option for them to save their business," **said Senate President Steve Sweeney**. "This law will be influential in preventing further economic damage to our businesses and communities."

"Due to a loss of revenue, COVID-19 has forced many small businesses to lay off or furlough dedicated employees in an effort to stay in business," **said Senator Fred Madden, chair of the Senate Labor Committee**. "These layoffs were not wanted by any employer and, as a result, they should not be punished with paying the cost for Unemployment Insurance claims."

"The coronavirus has left businesses reeling from months of closures, mass layoffs and declining revenue," **said Assemblyman Louis Greenwald**. "By next year, the unemployment tax rate is expected to rise to the highest bracket, requiring employers to pay more at a time when many will likely still be getting back on their feet. We need to take action to ease the tax burden on employers during this economic crisis."

"Many businesses were required to close quickly at the start of the pandemic. New Jersey's economic recovery will not come as swiftly," **said Assemblyman Vince Mazzeo**. "Anything we can do to reduce rising tax obligations resulting from COVID-19 is a step we need to take."



“Not since the Great Depression has our country faced an economic crisis like the one we are seeing today,” **said Assemblyman Anthony Verrelli**. “After all they’ve endured, businesses need relief so that they can keep employees on the payroll and rise to meet any future challenges brought on by the coronavirus. This new law will provide critical tax relief to employers as they continue on the long road to recovery.”

“A similar phase-in payroll tax measure was utilized after the financial crisis of 2007-2009,” **said Michael Egenton, Executive Vice President of Government Relations for the New Jersey State Chamber of Commerce**. “This legislation will provide predictability and certainty to employers, especially during these challenging economic times due to the pandemic. Rather than move businesses into the most expensive of six columns to replenish the unemployment insurance fund, the bill will shift them one column over instead of five this July. Additionally, this bill prevents a rate increase for employers who had to carry out layoffs through no fault of their own. We commend the Governor, Senate President Sweeney, Assembly Speaker Coughlin, and the sponsors – Senator Madden and Assembly Majority Leader Greenwald - for their support in making sure our employers do not experience “sticker shock” as we all work towards replenishing the UI fund.”

“NJBIA thanks Governor Murphy and the bipartisan supporters of this important legislation,” **said NJBIA President and CEO Michele Siekerka**. “Without it, New Jersey business owners would be looking at a massive payroll tax increase this summer, effectively penalizing struggling employers who were forced into workforce reductions beyond their control. Spreading out this increase over three years makes this increase more palatable and helps give our businesses a fighting chance.

“The CCSNJ commends Governor Murphy for signing this vital piece of legislation,” **said Christina Renna, President and CEO of the Chamber of Commerce Southern New Jersey**. “With most businesses having to temporarily close their doors to help slow the spread of COVID-19, employers were forced to make tough choices in order to survive. An additional increase to the employer contribution of the UI Fund would have been a tax increase businesses did not deserve and could not afford as the pandemic continues. Thank you to the Governor and Legislature for recognizing and taking swift action to assure employers were not faced with this difficult burden.”

“The NJ YMCA State Alliance would like to commend the Governor for providing much needed relief to the non-profit community,” **said Dr. Darrin Anderson, CEO, New Jersey YMCA State Alliance**. “The signing of this bill allows us to concentrate our resources on supporting the unprecedented needs in the community.”

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