



June 26, 2015

Hon. Sharon Palmer
Commissioner, Connecticut Department of Labor
200 Folly Brook Blvd.
Wethersfield, CT 06109-1153

Dear Commissioner Palmer:

As you know, the deadline to submit an application to the U.S. Department of Labor for a waiver from the Benefit Cost Rate (BCR) add-on charge to the federal unemployment tax paid by Connecticut businesses is July 1.

Last year, Connecticut was the only eligible state that did not apply for this waiver. On behalf of the members of the Connecticut Business & Industry Association, I am writing to urge the Labor Department to apply for this waiver in order to help minimize the increase in federal unemployment taxes to be paid by Connecticut businesses in the coming year.

Filing for the waiver from the BCR add-on will reduce the federal unemployment tax burden faced by Connecticut businesses, which was the highest in the nation last year. Businesses in a state with no federal debt (such as New York, Massachusetts, and Rhode Island) pay federal taxes in the amount of \$42 per employee.

If Connecticut does not apply for the waiver this year, businesses here will pay \$196 per employee in federal unemployment taxes. However, if we apply for the waiver and are approved, businesses could instead pay \$147 per employee. This would result in some welcome relief for businesses, given the failure to apply for the waiver last year resulted in employers paying \$161 per employee.

Of course, truly ensuring solvency of Connecticut's Unemployment Compensation Trust Fund requires we make the same benefit adjustments made by our neighboring states many years ago. There is no other explanation for our state's massive trust fund debt, despite taking in nearly identical amounts of state unemployment tax revenue.

We hope you will consider helping Connecticut reduce its unemployment tax burden by filing for the waiver of the BCR add-on prior to the deadline on July 1. If you have any questions or comments, please do not hesitate to contact me at bonnie.stewart@cbia.com, or at 860-944-8788.

Sincerely,

Bonnie Stewart
Vice President, Government and Public Affairs & General Counsel

CC: Gov. Dannel P. Malloy
Sen. Martin Looney
Sen. Len Fasano
Rep. Brendan Sharkey
Rep. Themis Klarides