



June 2, 2021

Dear Governor Walz and members of the Legislature:

Reactivating the economy from the pandemic-related fallout is a top concern of Minnesota businesses, and we are at a critical juncture. Recovery is hindered by a lack of an available workforce. This challenge comes on the heels of record unemployment, which has depleted the Unemployment Insurance Trust Fund to deficit levels requiring an increase in employer payroll taxes in the near future. This additional tax burden further impedes reinvestment and recovery.

There is an immediate solution that provides a win-win for workers, employers and Minnesota's economy: utilize federal funds available through the American Rescue Plan Act (ARPA) to incentivize a rapid return to work and simultaneously shore up the trust fund.

Minnesota's Unemployment Insurance Trust Fund is currently facing a deficit of more than \$1.3 billion. The Fund is financed through state payroll taxes imposed on Minnesota's employers on a per-employee basis. The base unemployment tax rate is .1% on every paycheck for all taxpaying employers, and is expected to increase to .5% next year, according to Steve Grove, commissioner of the Department of Employment and Economic Development. An additional assessment on that base rate — a tax on a tax, essentially — will also go up next year by an estimated 14%.

Using some of the federal ARPA funds to mitigate this deficit would lessen the burden on Minnesota's employers and employees. Throughout the pandemic, we have advocated for federal resources to be used before state resources so that Minnesota businesses are not further harmed with higher unemployment insurance costs. Using federal ARPA funds would support economic recovery for businesses, particularly small businesses, and their workers.

Minnesota is facing a workforce shortage in nearly every sector of the economy, while record levels of Minnesotans claim unemployment insurance. Employers are offering increased wages, signing bonuses, a plethora of benefit options and flexible work arrangements, as well as training and professional development — to the fullest extent practicable to attract more workers.

We support the use of ARPA funds for return-to-work bonuses paid to unemployed individuals to rejoin the labor force and accept and maintain steady employment for a specific period of time. Incentives are an important tool and can embellish the state's existing safety net. A "bonus program" that provides additional compensation to workers who move back into employment benefits the entire economy.

On behalf of thousands of businesses and nearly 70 local chambers of commerce and trade associations, we urge you to consider these options to accelerate the return to work of available workers and stabilization of the UI Trust Fund.

Sincerely,

MINNESOTA READY COALITION IN SUPPORT OF GROWING MINNESOTA'S ECONOMY

Alexandria Lakes Area Chamber of Commerce
APEX
Anoka Area Chamber of Commerce
Apple Valley Chamber of Commerce
Austin Area Chamber of Commerce
Brainerd Lakes Chamber of Commerce
Buffalo Area Chamber of Commerce
Burnsville Chamber of Commerce
Cannon Falls Area Chamber of Commerce
Cold Spring Area Chamber of Commerce
Crosslake Chamber of Commerce
Cuyuna Lakes Chamber of Commerce
Dakota County Regional Chamber of Commerce
Delano Area Chamber of Commerce
Eden Prairie Chamber of Commerce
Elk River Area Chamber of Commerce
Fairmont Area Chamber of Commerce
Faribault Area Chamber of Commerce & Tourism
Fergus Falls Area Chamber of Commerce
Glenwood Lakes Area Chamber of Commerce
Grand Rapids Area Chamber of Commerce
Greater Mankato Growth, Inc.
Greater Stillwater Chamber of Commerce
Ham Lake Area Chamber of Commerce
Hermantown Area Chamber of Commerce
Hospitality Minnesota
Hutchinson Area Chamber of Commerce and Tourism
I94 West Chamber of Commerce
International Falls Chamber of Commerce
Iron Mining Association
La Crescent Area Chamber of Commerce & Tourism
Lake City Chamber of Commerce
Laurentian Chamber of Commerce
Litchfield Area Chamber of Commerce
Little Falls Chamber of Commerce
Long Prairie Area Chamber of Commerce
Lonsdale Area Chamber of Commerce
Marshall Area Chamber of Commerce
Melrose Area Chamber of Commerce
MetroNorth Chamber of Commerce
Minneapolis Regional Chamber of Commerce
Minnesota Beverage Association
Minnesota Chamber of Commerce
Minnesota Recruiting and Staffing Association
Minnesota Retailers Association
Minnesota Trucking Association
Minnesota Utility Contractors Association
Mountain Lake Chamber of Commerce
New Prague Chamber of Commerce
North 65 Chamber of Commerce
Owatonna Area Chamber of Commerce & Tourism
Pequot Lakes Chamber of Commerce
Princeton Area Chamber of Commerce
Red Wing Area Chamber of Commerce
Redwood Area Chamber & Tourism
River Heights Chamber of Commerce
Rochester Area Chamber of Commerce
Sauk Centre Area Chamber of Commerce
Shakopee Chamber & Visitors Bureau
SouthWest Metro Chamber of Commerce
St. Cloud Area Chamber of Commerce
Saint Peter Area Chamber of Commerce
The Chamber Grand Forks & East Grand Forks
Thief River Falls Chamber of Commerce
Waconia Chamber of Commerce
White Bear Area Chamber of Commerce
Willmar Lakes Area Chamber of Commerce
Winona Area Chamber of Commerce
Woodbury Area Chamber of Commerce