

Volusia Manufacturers Association supports Florida's Unemployment Tax Relief Compensation Bill



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The Volusia Manufacturers Association is in support of passage of Florida State HB7033 and SB 1666, reducing the unemployment tax increase for Florida employers. The Volusia Manufacturers Association is dedicated to Florida manufacturing and works to keep members informed of critical legislative rules.

On February 26, 2010, the Florida Legislature advanced legislation to relieve Florida employers of the exorbitant unemployment tax rate bills they are currently facing. The Senate Ways & Means Committee unanimously passed Senate Bill (SB) 1666, and a few minutes later the House Finance & Tax Council unanimously passed the companion measure House Bill (HB) 7033, otherwise known as the [Unemployment Compensation Bill](#).

Both HB 7033 and SB 1666 bills address the tax amounts employers must pay this year in the following ways:

- Reduces the taxable wage base for each employee from \$8,500 back down to \$7,000 for 2010 and 2011.

- Establishes a quarterly payment plan for 2010 and 2011 that allows employers to spread out their unemployment compensation payments over the whole year without application of penalties or interest.
- Regardless of the balance in the Unemployment Compensation Trust Fund, there will be no rate increase for the next two years as the positive adjustment factor will be suspended. A three-year recoupment period would begin in 2012, followed by a four-year recovery period that would start in 2015.
- Allows unemployed Floridians to receive additional extended unemployment benefits funded 100% by the federal government. This extension would cover up to 8 additional weeks of benefits.

As one can see, passing of HB 7033 and SB 1666 would truly help Florida businesses by allowing a two-year delay in the tax hike. This tax relief comes at a time when all industries in Volusia and Flagler counties are struggling just to make ends meet or just to make the payroll. Only two Volusia-county industries showed growth in 2009 per the [State of Florida's Agency for Workforce Innovation](#) , those being State government and Leisure and Hospitality. Manufacturing and Professional & Business Services led the industries in job losses for Volusia County in 2009 at 7.9% and 7.8% losses, respectively. So, unfortunately, the large hike in unemployment taxes would harm these manufacturers and businesses even more- maybe causing more layoffs or even causing them to have to close down operations.

Lawmakers and businesses admit that the plan approved last year did not go as planned, in part because they could not foresee how drastic the financial conditions would become due to the crash of the economy. Also, the state legislators did not expect to use all of the trust fund as fast as they did, nor did they expect to borrow as much money as they did. In all, the federal government has loaned the state of Florida more than \$1 billion to support the unemployment compensation trust fund.

Impacting Florida businesses this year were tax bills that many businesses weren't prepared to pay, and these increases hit hard due to shrinking revenues. The minimum rate a business can pay increased from \$8.40 an employee last year to \$100.30 this year. Other rates were also affected and skyrocketed. HB 7033 and SB 1666 propose provisions to allow changes in calculating tax rates. The result would cut the minimum rate to about \$25 an employee and allowing businesses to pay their taxes in quarterly installments.

"Manufacturers do not need to be hit with these huge tax increases especially when they are struggling just to stay in business," said Jayne Fifer, President/CEO of the Volusia Manufacturers Association. "Florida's Workforce Innovations' predictions for Florida's job growth through 2017 is predicting a 1.84% average growth for all industries. We *have* to support Florida manufacturers and businesses by doing whatever it takes to help them stay in business, grow their businesses and create new jobs for the unemployed."

The Volusia Manufacturers Association is in support of passage of HB7033 and SB 1666, as this will significantly help manufacturers in Volusia and Flagler Counties and all over the State of Florida. The Volusia Manufacturers Association (VMA) is a 30-year old trade association, which represents the manufacturing community in Volusia and Flagler counties, with over 400 companies employing about 12,000 people. Overall, the VMA manufacturing members have been significantly impacted by the increase in unemployment taxes. The VMA members were recently polled to determine the effect of the unemployment tax increases.

The major impacts are:

- Taxes have increased for some about 1000%.
- If a company needs to hire workers, they may first hire temporary employees. This is contradictory to their desire to initially hire them as full-time employees.
- Temporary agencies are passing some of the increases for unemployment taxes along to employers.

The Volusia Manufacturers Association encourages all Florida businesses to contact their state representatives to encourage them to vote for the passage of HB 7033, which will relieve Florida employers of the exorbitant unemployment tax rate bills they are currently facing and gives these manufacturers a fighting chance. The legislature will vote on these bills on March 2, 2010, the first day (opening day) of the 2010 Legislative Session.

For more information about the Volusia Manufacturers Association or more information about this press release, please contact [Volusia Manufacturers Association](#) or Jayne Fifer at 386.673.0505.

About Volusia Manufacturers Association:

The Volusia Manufacturers Association was founded in 1980 in Volusia County, Florida by manufacturers for manufacturers. Volusia Manufacturers Association provides information, education and networking opportunities to help manufacturers grow and succeed. VMA are made up of companies that range in size from one employee to over 500. If you are interested in joining the Volusia Manufacturers Association, please visit <http://www.vmaonline.com>.

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