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HOUSE RESOLUTION

2 WHEREAS, The unemployment insurance tax is assessed
3 against employers in order to cover the costs of any benefits
4 drawn out by the former employees of each employer; and

5 WHEREAS, The unemployment insurance tax rate varies
6 according to each employer; and

7 WHEREAS, The unemployment insurance tax is assessed
8 against the same base wage of the first \$11,000 earned by each
9 employee; and

10 WHEREAS, For the vast majority of employers, the entire
11 unemployment insurance tax is assessed and paid in the first
12 quarter of the calendar year, as most employees earn more than
13 \$11,000 in the first quarter of the year; and

14 WHEREAS, For example, if a typical unemployment tax is
15 approximately \$800 per employee, a 10-employee firm must come
16 up with \$8,000 in the first quarter of the year, instead of
17 \$2,000 every quarter, to pay the unemployment tax; and

18 WHEREAS, This situation presents a cash crunch for small
19 and mid-market employers who must finance the entire year's
20 unemployment tax in the first quarter of the calendar year; and

1 WHEREAS, Larger employers are more likely to have the
2 capital to finance the unemployment insurance tax over the
3 entire year, while small and mid-market businesses without the
4 capital must pay all the tax as it comes due; this situation
5 hits small and mid-market businesses with a cash flow impact
6 proportionately harder than larger employers; and

7 WHEREAS, Small and mid-market businesses would prefer to
8 spread out the payments for the unemployment insurance tax over
9 the entire year to avoid the cash crunch in the first quarter,
10 while still paying the same total amount; therefore, be it

11 RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE
12 NINETY-SEVENTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that
13 we state our belief that eliminating the first quarter cash
14 crunch of small and mid-market businesses paying unemployment
15 taxes by allowing for quarterly payments based upon the accrued
16 obligation is a pro-business public policy move; and be it
17 further

18 RESOLVED, That we encourage all interested stakeholders in
19 the State's unemployment insurance system to consider this
20 shift before the next General Assembly in order to reach a
21 consensus on the best revenue-neutral method of eliminating the
22 current policy of imposing a first-quarter cash crunch on

1 Illinois businesses.