

AMERICAN PAYROLL ASSOCIATION

August 3, 2021

The Honorable Charniele Herring
Majority Leader, House of Delegates
Commonwealth of Virginia
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The Honorable Dick Saslaw
Majority Leader, Senate
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The Honorable C. Todd Gilbert
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The Honorable Thomas Norment Jr.
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The Honorable Luke E. Torian
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The Honorable Janet D. Howell
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The Honorable Mark D. Sickles
Vice Chair, House Appropriations Committee
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Re: In support of H.B. 7001 § B.1.a deposit of \$862,000,000 to the Virginia Unemployment Trust Fund and excluding pandemic-related claim activity

Dear Delegates and Senators:

The American Payroll Association (APA)¹ urges you to support provisions in H.B. 7001 to deposit \$862,000,000 of funds from the federal State and Local Recovery Fund pursuant to the American Rescue Plan Act of 2021 to the Virginia Unemployment Trust Fund (§ B.1.a.2). The APA also supports provisions that would exclude pandemic-related claims from employer tax rates for unemployment insurance (§ B.1.a.3).

For payroll professionals, ensuring that Virginia maintains a healthy Unemployment Trust Fund without overburdening employers and employees is extremely important. This is especially true under COVID-19 with the heavy depletion of unemployment funds caused by necessary healthcare measures. The use of federal relief funds for unemployment assistance is an innovative way for

¹ Established in 1982, APA is a not-for-profit association serving the interests of more than 20,000 payroll professionals nationwide. APA's primary mission is to educate its members and the payroll industry about best practices associated with paying America's workers while complying with applicable federal, state, and local laws and regulations. APA members are directly responsible for calculating wages and unemployment taxes for their employers.

Virginia to reduce the stress on the Virginia Employment Commission as well as payroll departments and their employers.

Establishing the tax rates going forward beginning in 2022 rather than retroactive implementation (§ B.1.a.3) is also greatly appreciated, especially when the rate will not exceed Calendar Year 2021 levels. This will reduce the administrative burden on payroll management and clarify requirements for employer decision-making regarding business resources.

In addition, the APA recommends that the Virginia legislature consider raising the taxable wage base above the first \$8,000 that each employee earns per year. This will require greater study on the criteria to consider in revising Virginia's wage base. The APA would be pleased to assist legislators in this regard.

Thank you for the opportunity to comment on H.B. 7001 and unemployment-related taxes.

Sincerely,



Alice P. Jacobsohn, Esq.
Director, Government Relations

For Unemployment Insurance Workgroup Leaders:

UI Chairs Brent Gow, CPP, and Rebecca Harshberger, CPP

UI State Chairs Owhen Astorga, Mindy Mayo, CPP, and Marcela McCarthy, CPP

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