

BATC

Business Associations' Tax Coalition

P. O. Box 240669
Montgomery, AL 36124-0669
334.263.5757

January 25, 2010

Dear Senator:

According to employment news just out, Alabama's unemployment rate hit a 26-year-high of 11 percent in December. While our state shows some signs of economic recovery, the reality is Alabama remains under the pall of "The Great Recession."

No one wants to get Alabamians back to work more than our state's employers. A bill up for consideration in the Alabama Senate, however, will make it more difficult for Alabama's employers to put Alabamians back to work. The Business Associations' Tax Coalition, a group of 30 business groups that represent the majority of Alabama employers, has grave concerns about **SENATE BILL 11**, which calls for a dramatic expansion of unemployment compensation costs for businesses of every type and size.

Enclosed, you'll find a summary of the bill, which explains in more detail why this legislation IS A TAX on Alabama jobs.

Unemployment compensation taxes are calculated according to wages paid; the number of unemployed among former employees; an experience rating based on the average duration and cost of unemployment benefits paid to all claimants over a three-year period; and costs that have to be shared by all employers.

A vote for SB 11 means employers will pay into the Alabama Unemployment Compensation Trust Fund at the highest schedule possible for a longer period of time and still have to pay at a greater experience rate because more of their former employees will qualify for unemployment.

As a lawmaker, I know you want to do all you can to put more Alabamians to work, Senate Bill 11 runs counter to that goal. The attached list of associations representing employers asks you please to:

VOTE FOR JOBS
VOTE "NO" ON SENATE BILL 11

Sincerely,



Rick Brown, chairman, Business Associations' Tax Coalition
and president, Alabama Retail Association

ENCLOSURES: Bill synopsis and list of BATC members

THE BUSINESS ASSOCIATIONS' TAX COALITION
ASKS ALL ALABAMA LAWMAKERS, PLEASE

DON'T TAX JOBS

VOTE "NO" ON SENATE BILL 11

WHY SB 11 IS A TAX INCREASE

WHERE WE ARE

- Many employers have yet to begin recovering from the Great Recession, yet will have to pay at least double what they paid last year in unemployment compensation taxes on those they currently employ.
- Based on tax bills received Jan. 1, Alabama's employers will pay **\$410 million** in unemployment compensation taxes in 2010.
- So, employers will pay **\$232 million more** in 2010 than they did in 2009.
(an automatic increase necessary because the current 11 percent rate of unemployment has drained the Unemployment Compensation Trust Fund.)
- Alabama to date has borrowed **\$155 million** from the federal government to pay benefits to those currently unemployed in our state and will continue to borrow until the state starts receiving employers' first quarter 2010 unemployment taxes at the end of April.

WHERE THE BILL TAKES US

- The Department of Industrial Relations estimates the benefit expansion called for in SB 11 means **6,000 more people** annually will **qualify for unemployment** beginning July 1.
- **If more qualify** for unemployment, **employers pay more** in unemployment compensation taxes, which are based in part on how many of a business' former employees have met the criteria for unemployment in the past three years. DIR estimates the expansion called for in SB 11 will cost employers **\$42 million annually**, starting with tax bills due May 1, 2012.
- The **\$100.5 million** in federal funds the state would receive July 1 with passage of SB 11 won't even cover what the state owes, much less build up the Unemployment Compensation Trust Fund to the **\$500 million** level that would reduce the rate schedule for employers.
- If SB 11 passes, employers will pay into the Fund at the highest schedule possible for a longer period of time and still have to pay at a greater experience rate because more of their former employees will qualify for unemployment.
- **RESULT: Employers will take longer to recover from the Great Recession and take longer to begin hiring new workers.**

VOTE "NO" ON SENATE BILL 11, A CLEAR TAX ON JOBS

Members of the
Business Associations' Tax Coalition

Alabama Association of Life Companies
Alabama Association of Realtors, Inc.
Alabama Bankers Association
Alabama Cable Telecommunications Association
Alabama Concrete Industries Association
Alabama Farmers Federation
Alabama Forestry Association
Alabama Hospital Association
Alabama Manufactured Housing Institute Inc.
Alabama Nursing Home Association
Alabama Petroleum Council
Alabama Poultry & Egg Association
Alabama Pulp and Paper Council
Alabama Retail Association
Alabama Roofing, Sheet Metal et al
Alabama Road Builders' Association
Alabama Rural Electric Association
Alabama Society of CPA's
Alabama Trucking Association
American Council of Engineering Cos. of Alabama
Associated Builders & Contractors of Alabama
Associated General Contractors of Alabama
Automobile Dealers Association of Alabama
Business Council of Alabama
Coalbed Methane Association of Alabama
Community Bankers Association of Alabama
Home Builders Association of Alabama
Manufacture Alabama
National Federation of Independent Business
Petroleum & Convenience Marketers of Alabama