



Governors Support Extension of the Waiver of Interest and FUTA Offset Penalty Relief

In the policy position adopted on July 11, 2010, the National Governors Association approved Employment Security System Policy in support of the waiver of Title XII Interest for 2011 and 2012 and for at least one year of relief from FUTA offset credit penalties. The portion of the policy addressing the subject provides:

11.7 Support State Unemployment Insurance Trust Funds

Governors urge Congress to extend the waiver of interest payments and interest accrual on loans received by State unemployment trust funds through December 31, 2012. Due in large part to the length and depth of the most recent recession, a majority of states have sought an advance of federal funds to maintain state trust fund solvency. The assurance of interest free loans will enable governors to focus scarce resources on helping their citizens and will avert further job loss by preventing additional taxes on businesses.

Also due to the most recent recession, governors urge Congress to delay the imposition of Federal Unemployment Tax Act (FUTA) credit reductions by at least one year for employers in all states.

UWC has been working with a number of governors' offices and NGA staff on policy language to address this issue, and this policy will be helpful in our efforts to obtain tax relief through Congress later this year. See the following link for the full policy

<http://www.nga.org/portal/site/nga/menuitem.8358ec82f5b198d18a278110501010a0/?vgnextoid=2cda9e2f1b091010VgnVCM1000001a01010aRCRD>