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Senate Freezes Unemployment Insurance Rate to Relieve Small Business Burden and Boost New Jobs

BOSTON – In an effort to relieve economic burdens on small businesses and create new jobs Senator Steven A. Baddour (D-Methuen) voted to freeze the Unemployment Insurance rate, which was scheduled to increase by nearly \$300 per employee. Without the freeze, the average employer would see the per-employee payment jump from \$584 to \$852.

“This action was necessary to help bring some immediate relief to businesses in this difficult economic environment,” Senate President Therese Murray (D-Plymouth) said. “It’s one of several ideas we have to help improve the current business climate as we work toward bigger, long-term goals like health insurance payment reform.”

Those other efforts include Senate legislation to streamline the state’s array of business development agencies, many of which overlap duties and lack coordinated efforts. The Senate also supports certain business tax incentives and a cap on small business health insurance rates to provide further relief and encourage short-term growth. The Legislature has also reduced the corporate excise tax, dropping this year to 8.75 percent and to 8 percent by January 2012.

The Senate bill to freeze the Unemployment Insurance rate would hold steady the current rate schedule for Unemployment Insurance assessments on employers for calendar year 2010. In previous recessions the state has frozen the assessment schedule to relieve the burden on small businesses in tough economic times. The years 2008 and 2003 are the most recent examples.

“Because the Commonwealth, like 39 other states, must borrow from the federal government for unemployment costs whether we freeze this rate or not, this action of freezing the rate will provide needed help to businesses without unduly increasing our use of federal funds,” said Senator Baddour. “We have faced many challenges over the past year, and state government must make every effort to encourage the preservation and creation of jobs in the private sector. “

In recognition of the almost unprecedented strain on state unemployment insurance systems, the federal government will charge no interest on borrowing in calendar year 2010.

The bill now goes back to the House of Representatives for further action.

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