



State of Connecticut
CONNECTICUT GENERAL ASSEMBLY
STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

December 2, 2020

Senator Richard Blumenthal
90 State House Square 10th Floor
Hartford, CT, 06103

Dear Senator Blumenthal,

We are writing to urge you to advocate for an extension of the interest-free period on the federal loans the state is using to pay unemployment benefits during these unprecedented times. Doing so would be one of the most important actions you could take to protect Connecticut employers from having to pay "special assessments" in addition to the high unemployment compensation taxes they already pay.

Since the state's Unemployment Trust Fund has been overwhelmed during this pandemic, we have had to borrow money from the federal government to replenish the Fund and continue to provide the benefits our thousands of unemployed workers so desperately need. By the end of December, we will have borrowed over \$800 million to pay these claims. By comparison, during the 2009 recession, we had to borrow a total of \$1.2 billion and it took Connecticut employers almost seven years to repay these loans, with interest.

If the repayment structure is the same as it was in 2009, employers will pay higher Federal Unemployment Tax Act (FUTA) taxes cover the loan principal, and will also have to pay an additional "special assessment" to cover the interest on the loans.

Extending the interest-free period, or even waiving interest on these loans entirely, would prevent this additional burden from being put on the backs of the main drivers of our economy.

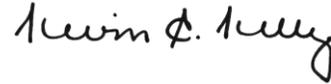
We need to do everything we can to ease the financial challenges Connecticut employers will face during the long climb out of this economic nightmare. Saddling business owners with interest-related costs to address a situation that's out of their control is simply unfair and will inflict more long-term damage to our state's economy.

We hope you agree and will do all you can to address this issue. Thank you for your continued work on our behalf.

Very truly yours,



Vincent Candelora, 86th District
House Republican Leader Elect



Kevin Kelly, 21st District
Senate Republican Leader Elect

Cc:

Senator Chris Murphy
Representative John Larson
Representative Joe Courtney
Representative Rosa DeLauro
Representative Jim Himes
Representative Jahana Hayes