

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-NINTH SESSION**

**S.F. No. 1320**

(SENATE AUTHORS: SPARKS, Dahms, Jensen, Koenen and Nelson)

DATE	D-PG	OFFICIAL STATUS
03/04/2015	524	Introduction and first reading Referred to Jobs, Agriculture and Rural Development

A bill for an act

1.1 relating to economic development; reducing the unemployment insurance  
 1.2 employer tax rate under certain conditions; amending Minnesota Statutes 2014,  
 1.3 sections 268.035, subdivision 24; 268.051, subdivision 2, by adding a subdivision.  
 1.4

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2014, section 268.035, subdivision 24, is amended to read:

1.7 Subd. 24. **Taxable wages.** (a) Except when section 268.051, subdivision 2a,  
 1.8 applies, "taxable wages" means those wages paid to an employee in covered employment  
 1.9 each calendar year up to an amount equal to 60 percent of the state's average annual  
 1.10 wage, rounded to the nearest \$1,000.

1.11 (b) Taxable wages includes the amount of wages paid for covered employment by  
 1.12 the employer's predecessor when there has been an experience rating history transfer  
 1.13 under section 268.051, subdivision 4.

1.14 Sec. 2. Minnesota Statutes 2014, section 268.051, subdivision 2, is amended to read:

1.15 Subd. 2. **Computation of tax rates; additional assessments.** (a) For each calendar  
 1.16 year the commissioner must compute the tax rate of each taxpaying employer that qualifies  
 1.17 for an experience rating by adding the base tax rate to the employer's experience rating  
 1.18 along with assigning any appropriate additional assessment under paragraph (c).

1.19 (b) The base tax rate for the calendar year and any additional assessments under this  
 1.20 subdivision are determined based upon the amount in the trust fund on March 31 of the  
 1.21 prior year as a percentage of total wages paid in covered employment. Except as provided  
 1.22 in subdivision 2a, the base tax rate is:

1.23 (1) one-tenth of one percent if the trust fund is equal to or more than 0.75 percent;

2.1 (2) two-tenths of one percent if the trust fund is less than 0.75 percent but equal to or  
2.2 more than 0.65 percent;

2.3 (3) three-tenths of one percent if the trust fund is less than 0.65 percent but equal to  
2.4 or more than 0.55 percent;

2.5 (4) four-tenths of one percent if the trust fund is less than 0.55 percent, but has a  
2.6 positive balance; or

2.7 (5) five-tenths of one percent if the trust fund has a negative balance and is  
2.8 borrowing from the federal unemployment trust fund in order to pay unemployment  
2.9 benefits as provided for under section 268.194, subdivision 6.

2.10 (c) In addition to the base tax rate, there is an additional assessment for the calendar  
2.11 year on the quarterly unemployment taxes due from every taxpaying employer if the  
2.12 amount in the trust fund on March 31 of the prior year is less than 0.55 percent of total  
2.13 wages paid in covered employment. The assessment is as follows:

2.14 (1) a five percent assessment if the trust fund is less than 0.55 percent but equal to or  
2.15 more than 0.45 percent;

2.16 (2) a ten percent assessment if the trust fund is less than 0.45 percent but equal  
2.17 to or more than 0.35 percent; or

2.18 (3) a 14 percent assessment if the trust fund is less than 0.35 percent.

2.19 (d) For the purposes of this subdivision, the trust fund does not include any money  
2.20 borrowed from the federal unemployment trust fund provided for in section 268.194,  
2.21 subdivision 6.

2.22 (e) For the purposes of this subdivision, total wages paid in covered employment are  
2.23 those wages paid to all employees in covered employment during the calendar year before  
2.24 the March 31 date used in paragraph (b).

2.25 (f) The base tax rate and any additional assessments are assessed on all taxpaying  
2.26 employers to cover a portion of the costs to the trust fund for unemployment benefits paid  
2.27 that do not affect any single employer's future experience rating because:

2.28 (1) the employer's experience rating is limited by the maximum under subdivision 3,  
2.29 paragraph (b);

2.30 (2) the employer has ceased doing business; or

2.31 (3) the unemployment benefits paid have been determined not to be used in  
2.32 computing the employer's experience rating under section 268.047, subdivision 2 or 3.

2.33 Sec. 3. Minnesota Statutes 2014, section 268.051, is amended by adding a subdivision  
2.34 to read:

3.1            Subd. 2a. **Tax rate and taxable wage reduction.** (a) Notwithstanding section  
3.2 268.035, subdivision 24, the amount of taxable wages for the calendar year is reduced by  
3.3 12 percent of the amount otherwise computed rounded down to the next lower \$1,000.

3.4            (b) Notwithstanding subdivision 2, the base tax rate for the calendar year is reduced  
3.5 to 0.07 percent.

3.6            (c) Paragraphs (a) and (b) only take effect for the calendar year if, on the prior March  
3.7 31 and on the prior September 30, the Minnesota unemployment insurance trust fund had  
3.8 a balance of more than 0.75 percent of total wages paid in covered employment. Total  
3.9 wages paid in covered employment is determined under subdivision 2, paragraph (e).