





EY Payroll NewsFlash

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Minnesota legislation retroactively reduces 2022 SUI tax rates; revised SUI rate notices issued; credits may be posted to employer accounts

Recently enacted legislation ([SF2677/Ch 50](#)) reduces the 2022 state unemployment insurance (SUI) tax rates for experience-rated employers and allows for the deposit of \$2.7 billion in American Rescue Plan Act (ARPA) funds and general state funds to the state's SUI trust fund to repay the outstanding federal UI loan balance, pay the federal interest due for fiscal year 2022, and replenish the state's SUI trust fund to prevent future borrowing.

According to the Minnesota Department of Employment and Economic Development (DEED), Unemployment Insurance Minnesota (UIMN)'s [website](#), the legislation makes the following changes to the 2022 SUI tax rates for experience-rated employers:

- The 2022 base tax rate is reduced from 0.50% to 0.10%
- The 2022 additional assessment is set at 0.00%, reduced from 14%
- The 2022 special assessment (federal interest loan assessment) is reduced from 1.80% to 0.00% (a 4% special assessment applied for 2021)

As a result, the 2022 SUI experience tax rates will now range from 0.1% to 8.9%, down from the original range of 0.67% to 10.816% and down from the range of 0.208% to 9.36% for 2021.

2022 SUI rate notices reissued and credits posted to most employer accounts

The 2022 SUI experience-rated tax rates were recalculated and posted to the UIMN electronic filing [system](#). A letter was also be mailed to employers.

Since the deadline to file the first quarter 2022 SUI wage report and pay the corresponding SUI taxes was May 2, 2022, most employers will see a tax credit posted to their online accounts that will be used in calculating the employers' second quarter 2022 SUI taxes. As an alternative, employers may request a refund of the overpaid amount through their online accounts. UIMN notes that it may take several months to process requests for refund.

Note however that [SF2677](#) requires that the DEED commissioner waive any interest or penalties on first quarter 2022 taxes due on May 2, 2022, but not paid on or before May 31, 2022.

2022 SUI wage base

The 2022 SUI taxable wage base remains \$38,000, up from \$35,000 for 2021. The [2022 new employer](#) SUI rates did not change and are based on the average industry rate.

2022 Workforce Development Assessment

Experience-rated and new employers continue to pay the 0.1% Workforce Development Assessment surcharge.

See the UIMN's [website](#) for more information on the 2022 SUI tax rate changes for experience-rated employers.

Legislation freezes the base rate and additional assessment for 2023 and provides bonus payments to frontline workers

SF2677 sets the base tax rate at 0.1% and the additional assessment at 0% for 2023.

SF 2677 also provides bonus payments of up to \$1,500 to certain frontline employees (i.e., emergency responders and healthcare workers) who worked for certain industries during the pandemic. Details regarding the program are still being finalized and will be posted to this [website](#) when available.

Once the system is ready to accept applications, employers will be required to give notice of the availability of the bonus to employees within 15 days. The Minnesota Department of Labor and Industry is currently developing a form that can be used by employers to meet this obligation; it will be available on the website when complete. Eligible employees will have 45 days to apply for the bonuses.

For more information on worker eligibility, see the Department's [website](#).

Ernst & Young LLP insights

Minnesota is one of 22 jurisdictions that in 2020 applied for, and were been approved to receive, federal UI loans because of the impact of COVID-19 UI benefits on the states' UI trust fund balances. As of May 16, 2022, the U.S. Department of Treasury [shows](#) that Minnesota has repaid the loan balance (showed as having an outstanding federal UI loan balance of \$1,061,985,382.23 as of May 3, 2022).

SF2677 required that the DEED commissioner determine and pay off the loan balance and interest for fiscal year 2022 by May 9, 2022. The remainder of the \$2.7 billion must then be deposited into the state's UI trust fund.

Failure by the state to repay in full the federal loan balance by November 10, 2022, would have resulted in a FUTA credit reduction of 0.3% for calendar year 2022.

Contact us for more information

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