A MEMORIAL
REQUESTING THE GOVERNOR TO UTILIZE FEDERAL RELIEF FUNDS TO
REPLENISH THE UNEMPLOYMENT COMPENSATION FUND.

WHEREAS, prior to the coronavirus disease 2019 pandemic,
New Mexico's unemployment compensation fund had a balance of
four hundred fifty-nine million seven hundred thousand dollars
($459,700,000), higher than the federally recommended minimum,
ranking twenty-second highest in the nation for its solvency,
as determined by the United States department of labor; and

WHEREAS, since the start of the coronavirus disease 2019
pandemic, unemployment claims have spiked to record levels, and
as a result, the unemployment compensation fund was depleted
and reached insolvency on September 8, 2020; and

WHEREAS, New Mexico, like many other states, began
borrowing from the federal government to shore up the fund
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until it can be replenished; and

WHEREAS, the balance of the unemployment compensation fund at the end of January 2021 was eighteen million five hundred thousand dollars ($18,500,000), with outstanding federal loans of two hundred six million two hundred thousand dollars ($206,200,000); and

WHEREAS, the current balance of the unemployment compensation fund is the remainder of the fifty billion four hundred million dollars ($50,400,000,000) that was transferred to the fund at the beginning of January 2021 from federal Coronavirus Aid, Relief, and Economic Security Act funds appropriated in the 2020 second special legislative session; and

WHEREAS, the principal on federal loans must be repaid by November 10, 2022 or a payment plan must be reached with the federal government; and

WHEREAS, if the state has not repaid the loan in full at that time, the federal unemployment tax on employers will be increased until the balance is paid off; and

WHEREAS, federal tax rates are currently six-tenths percent but could increase up to six and four-tenths percent, depending on the balance of the loan; and

WHEREAS, employers were forced to lay off employees through no fault of their own as a result of the coronavirus disease 2019 pandemic and subsequent public health orders that
completely shut down various industries and severely limited
the capacity of many others; and

WHEREAS, a recent survey by the national federation of
independent business revealed that one in four small business
owners say they will have to permanently close their doors if
current economic conditions do not improve over the next six
months; and

WHEREAS, increased unemployment insurance taxes will add
an increased burden and cost to small businesses that are
already experiencing extraordinary hardship and would stall
economic recovery efforts; and

WHEREAS, in mid-February 2021, Governor Michelle Lujan
Grisham met with President Joe Biden and Vice President Kamala
Harris to discuss the president's relief package; the governor
said New Mexico is poised to receive more than two billion
dollars ($2,000,000,000) in relief money; and

WHEREAS, the unemployment compensation fund will remain
insolvent and require additional borrowing from the federal
government unless a solution is reached; and

WHEREAS, the anticipated more than two billion dollars
($2,000,000,000) in federal relief funds provides a source to
shore up the unemployment compensation fund;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF
REPRESENTATIVES OF THE STATE OF NEW MEXICO that the governor be
requested to utilize federal relief funds to replenish the
unemployment compensation fund to avoid increased unemployment
insurance rates for New Mexico businesses; and

BE IT FURTHER RESOLVED that copies of this memorial be
transmitted to the governor and the secretary of workforce
solutions.

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