



**EDUCATION and WORKFORCE DEVELOPMENT CABINET
OFFICE OF EMPLOYMENT AND TRAINING**

Matthew G. Bevin
Governor

Division of Unemployment Insurance
Tax Enforcement Branch
275 East Main Street, 2-EH
Frankfort, KY 40621
502-564-2168

Beth Kuhn
Commissioner

Hal Heiner
Secretary

Jason Dunn
Executive Director

September 2, 2016

Dear Employer,

The Division of Unemployment Insurance has determined that under the provisions of KRS 341.614 as related to the surcharge, it has collected enough funds to meet the interest payments due on our outstanding loans from the prior insolvency of the Unemployment Insurance Trust Fund. As a result, the Secretary is suspending the surcharge assessment beginning with the 3rd quarter of 2016 reporting period.

Beginning in January 2009, Kentucky - along with roughly half of U.S. states - borrowed funds from the federal government to pay UI benefits. Eventually, this borrowing (formally referred to as a Title XII advance) reached nearly \$1 billion. Additionally, the state needed funds to repay approximately \$55 million in interest which by law could not be funded through the regular unemployment insurance tax.

The Kentucky business community came together and agreed to pay an additional assessment to pay off the deficit and interest. The surcharge was enacted by the Kentucky General Assembly in 2012 in House Bill 495 and the surcharge was first assessed in the 1st quarter of 2014.

The principal on the loan was paid off in 2015. Today, Secretary Heiner is pleased to advise you that sufficient funds have been collected through the surcharge to pay the interest owed. As a result, the surcharge assessment will conclude at the end of the 2nd quarter of 2016 and the current statement you are receiving for the 3rd quarter will reflect a 0% surcharge assessment.

Any delinquent or uncollected surcharge from earlier reporting periods will still be due and collected by the Division.

Please make this adjustment in your accounting software and/or notify your payroll provider of this change, in order to avoid overpaying during your 3rd quarter reporting period.

Sincerely,

Division of Unemployment Insurance
Tax Enforcement Branch
275 E. Main St, 2EH
Frankfort, KY 40621