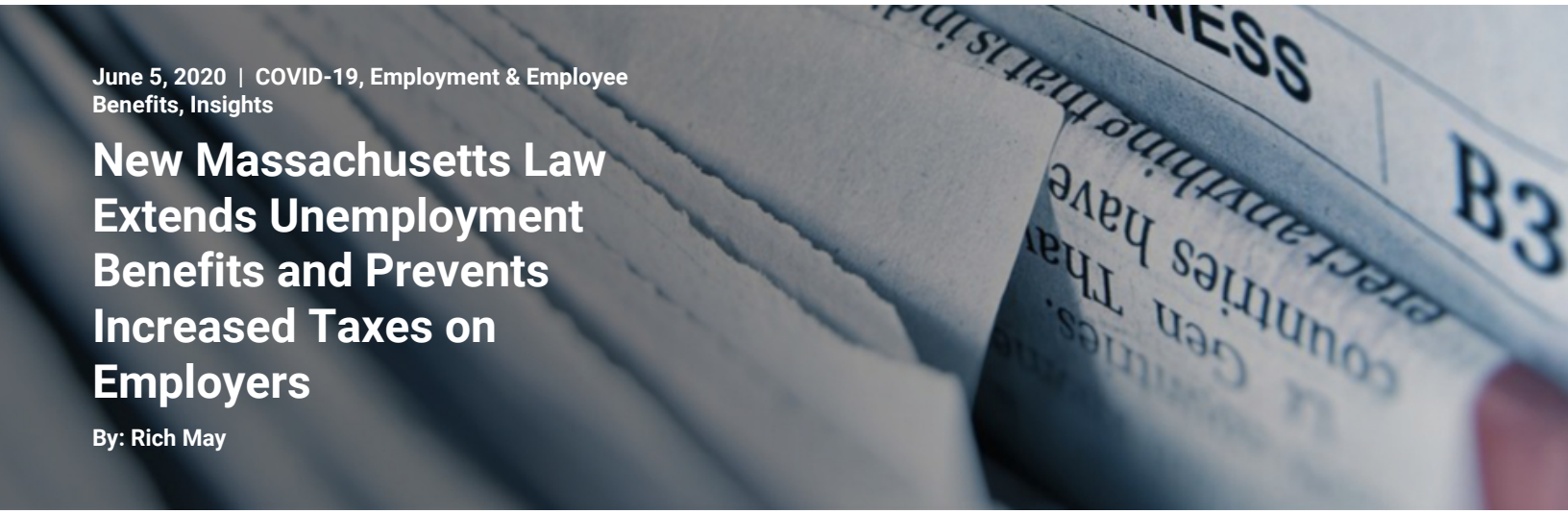


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New Massachusetts Law Extends Unemployment Benefits and Prevents Increased Taxes on Employers

By: Rich May

Governor Baker has recently signed into law Bill S.2618. This new law was passed in response to the unprecedented numbers of unemployment benefits claims seen in Massachusetts as a result of the COVD-19 (coronavirus) pandemic.

The new law provides some new relief for employers. Unemployment insurance in Massachusetts is funded by quarterly taxes paid by employers. The amount of these quarterly payments is based on each employer's "experience rating." Employee claims for unemployment benefits negatively impact an employer's employment rating. Many businesses were forced to shutter due to the Governor's emergency declaration and many more employees were laid off as a result of the pandemic. The result has been over 15% unemployment in Massachusetts and many hundreds of thousands of individuals filing for unemployment benefits. All of these unemployment benefits claims could have overwhelmed employers, however, the new law states that benefits paid to employees will "not be charged to the account of any employer nor included in the calculation of an employer's experience rate" if the employee was "separated from employment" as a result of the coronavirus pandemic or the Governor's declaration of emergency. This change will save employers a significant amount in taxes in 2021.

Individuals saw additional relief in this new law as well. Specifically, the law extends unemployment benefits from 26 to 30 weeks when unemployment claims in any week during the benefit year exceed 100,000. It also eliminates the current cap on dependents' benefits.

Finally, the new law grants nonprofit employers a 120-day grace period before the next scheduled payment is due to the unemployment fund. It is anticipated that the legislature will use this time to assess whether or not to grant additional relief to nonprofits who are being hit particularly hard by the coronavirus pandemic.

Disclaimer: This summary is provided for educational and informational purposes only and is not legal advice. Any specific questions about these topics should be directed to attorneys Nathaniel Donoghue or J. Allen Holland.



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