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Florida Governor Supports Efforts to End Unemployment Tax Increase

by Joe Follick

Summary by **taxanalysts**

Florida Gov. Charlie Crist (R) has thrown his support behind a plan to stop a state unemployment tax increase, but the move still needs legislative approval and may only phase in the increase rather than end it altogether.

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Florida Gov. Charlie Crist (R) has thrown his support behind a plan to stop a state unemployment tax increase, but the move still needs legislative approval and may only phase in the increase rather than end it altogether.

With the state's unemployment rate nearing 12 percent and the unemployment fund already tapped out, the Department of Revenue said late last year that the tax would increase in ways few anticipated. The fund had more than \$1.3 billion in 2008 but dropped to zero by late 2009, leaving the state to rely on federal loans of almost \$300 million per month to cover its payments.

The tax is based on a number of factors, including how well a business retains employees. For those with low turnover, the tax rate was raised on January 1 from \$8.40 per employee to \$100.30. The maximum rate was raised to \$459 per employee.

Florida's business community blasted the increase as a potentially devastating move as it struggles to rebuild an economy long bolstered by construction, the service industry, and tourism -- all sectors that have stagnated or plummeted in the ongoing economic collapse.

Crist said he'll back a plan by House and Senate leaders to ease or erase the increase before the tax is collected on April 1.

"Even though the bills are due in April, we are prepared now to delay this increase in order to ensure that our Florida businesses and employees get relief at a time they need it most," Crist said January 21 in an Associated Press story.

Lawmakers begin their annual 60-day session on March 2 and are expected to pass some sort of relief quickly. But it is unclear whether they will hold the rate steady or reduce it in anticipation of it being phased in over a longer period of time.

State law requires an increase if the fund drops below 4 percent of total taxable payroll.

Joe Follick, Tallahassee

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