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HOUSE MEMORIAL 21

**55TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2021**

INTRODUCED BY

Rebecca Dow and James G. Townsend

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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1 until it can be replenished; and

2 WHEREAS, the balance of the unemployment compensation fund  
3 at the end of January 2021 was eighteen million five hundred  
4 thousand dollars (\$18,500,000), with outstanding federal loans  
5 of two hundred six million two hundred thousand dollars  
6 (\$206,200,000); and

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

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

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

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

23 WHEREAS, employers were forced to lay off employees  
24 through no fault of their own as a result of the coronavirus  
25 disease 2019 pandemic and subsequent public health orders that

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1 completely shut down various industries and severely limited  
2 the capacity of many others; and

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

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

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

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

20 WHEREAS, the anticipated more than two billion dollars  
21 (\$2,000,000,000) in federal relief funds provides a source to  
22 shore up the unemployment compensation fund;

23 NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF  
24 REPRESENTATIVES OF THE STATE OF NEW MEXICO that the governor be  
25 requested to utilize federal relief funds to replenish the

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1 unemployment compensation fund to avoid increased unemployment  
2 insurance rates for New Mexico businesses; and

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

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