



DEPARTMENT OF LABOR

Employment and Training Administration

Notice of decisions on States' applications for relief from tax credit reductions provided under section 3302 of the Federal Unemployment Tax Act (FUTA) applicable in 2017

AGENCY: Employment and Training Administration, Labor.

ACTION: Notice.

SUMMARY: Sections 3302(c)(2)(A) and 3302(d)(3) of the FUTA provide that employers in a State that has an outstanding balance of advances under Title XII of the Social Security Act at the beginning of January 1 of two or more consecutive years are subject to a reduction in credits otherwise available against the FUTA tax for the calendar year in which the most recent such January 1 occurs, if a balance of advances remains at the beginning of November 10 of that year. Further, section 3302(c)(2)(C) of FUTA provides for an additional credit reduction for a year if a State has outstanding advances on five or more consecutive January firsts and has a balance at the beginning of November 10 for such years. Section 3302(c)(2)(C) also provides for waiver of this additional credit reduction and substitution of the credit reduction provided in section 3302(c)(2)(B) if a state meets certain conditions.

California and Virgin Islands were potentially liable for the additional credit reduction and applied for a waiver of the 2017 additional credit reduction under section 3302 (c)(2)(C) of FUTA. It has been determined that each one met all of the criteria of that section necessary to qualify for the waiver of the additional credit reduction. Further, the additional credit reduction

of section 3302(c)(2)(B) is zero for California and Virgin Islands for 2017. Therefore, employers in California and Virgin Islands will have no additional credit reduction applied for calendar year 2017.

As a result of having passed eight consecutive January 1's with an outstanding Title XII advances and not having repaid the balance as of November 10, 2017, both California and Virgin Islands are subject to a FUTA credit reduction of 2.1 percent.

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