



American Payroll Association

Office of Government Relations • Washington, DC

August 18, 2014

Mr. Jay Rowell
Director
Illinois Department of Employment Security
33 South State Street, 9th Floor
Chicago, IL 60603

Re: Monthly Wage Reporting – Penalty Waivers

Dear Director Rowell:

The American Payroll Association (APA) is requesting your assistance with the implementation and enforcement of Public Act 97-0689, which requires monthly wage reporting. As the only state that mandates monthly wage reporting, Illinois presents a unique challenge to payroll professionals. Some members of the APA have reported receiving harsh penalties related to the monthly reporting requirement. Because this is a new requirement, we respectfully request that you use your discretion to waive penalties associated with the monthly wage reporting requirement where noncompliance resulted from unintentional errors or omissions.

About the American Payroll Association

The APA is a nonprofit professional association representing more than 20,000 individuals and their companies throughout the United States. The APA has nearly 1,000 members and four local chapters (Central Illinois, Chicago, Fox Valley, and Rockford Area) in Illinois. The APA's primary mission is to educate its members and the payroll industry regarding best practices associated with paying America's workers, while complying with applicable federal, state, and local laws. In addition, the APA's Government Relations Task Force (GRTF) works with the legislative and executive branches of government to find ways to help employers satisfy their legal obligations,

while minimizing the administrative burden on government, employers, and individual workers.

Difficulties in Accommodating a Unique Requirement

Monthly wage reporting represents a significant departure from customary reporting requirements. No other state requires reporting on such a short time frame. Since the inception of unemployment Insurance (UI) wage reporting many decades ago, every other state has administered wage reporting on a quarterly basis. Virtually all payroll software systems have been designed to accommodate a quarterly reporting cycle. Employers have been faced with tough technical hurdles to reengineer their payroll systems that were designed to meet longstanding federal, state and local *quarterly* reporting requirements. Even the Illinois Department of Employment Security (IDES) was unable to meet the legislative deadlines for implementation, and had to delay it. Because of these technical difficulties, we request that IDES consider waiving penalties for employers that, in good faith, attempt to comply with the monthly reporting requirement.

Requirement Extended to Small Businesses

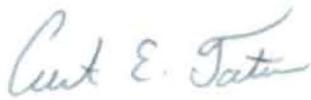
This July the monthly reporting requirement was extended to businesses as small as 25 employees, adding a significant number of employers to those who must comply with this new requirement. Given the substantial burdens, costs and technical difficulties that this requirement imposes on employers, strict enforcement may not be in the best interests of the state, or the state's employers so soon after implementation.

Conclusion

Given the uniqueness of the law, its recent application to significant populations of employers, and the difficulty of implementation by employers, the APA requests that you use your discretion to waive penalties for violations of the new monthly reporting

requirement. We further ask that you work with stakeholders to adjust the penalties so that they promote compliance without harshly penalizing businesses that have unintentionally failed to report timely. We would welcome the opportunity to work with you as you review the penalty provisions associated with the monthly wage reporting requirement. Please feel free to contact Curtis Tatum (202) 248-4650 or Brent Gow (206) 318-6172 with any questions that you may have.

Sincerely,



Curtis E. Tatum, Esq.
American Payroll Association
Manager of Government Relations



Brent R. Gow, CPP
American Payroll Association
Chair, Unemployment Insurance Subcommittee, Government Relations Task Force

Cc: The Honorable Pat Quinn, Governor