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# Vermont Act 76: New Unemployment Insurance Rules for Nonprofits

**Montpelier, Vt. –** Following the 2023 Legislative session, the Vermont General Assembly has made changes to the unemployment insurance (UI) laws related to small non-profit organizations.

Act 76, which became law on June 20, 2023, requires all non-profit organizations to participate in providing unemployment insurance coverage, regardless of size. Previously, these organizations with fewer than four employees were exempt from needing to provide unemployment insurance coverage for their employees. This change becomes effective July 1, 2024.

"The Department of Labor has been working with Common Good Vermont to present an informational session in November for non-profits affected by this change," said Cameron Wood, Director of the Unemployment Insurance Division, "and in the next few months more information will be made available on our website."

Under this new legislation, non-profits will be required to report their wages quarterly, keep track of new hires, and be prepared to pay for any eligible unemployment claims that result from employee separations.

Nonprofits have two choices when it comes to participating in Vermont's unemployment insurance system:

- **Taxable Entities**: Nonprofits choosing this option will have a 1% tax rate assigned to them as a "new employer." They will make quarterly contributions to the State based on their taxable payroll, with an annual cap set by statute. Their annual rate may fluctuate from year to year based on prior claims, taxable payroll, their ranking among other employers, and the health of the State's Unemployment Insurance Trust Fund. They will also be subject to federal unemployment taxes, and any unemployment claims will be paid out of the State's UI Trust Fund.

- **Reimbursable Employers**: Nonprofits choosing this option will not pay state or federal unemployment taxes and are exempt from quarterly state contributions/taxes. However, they must fully repay the State for any eligible unemployment claims paid related to individuals previously employed by their organization during the employee's "base period," which is roughly the 18-months prior to their claim.

Whether taxable or reimbursable, it is crucial to report quarterly wages to the state. Employers who fail to follow the requirements of the program may be subject to interest and penalties. These changes underline Vermont's commitment to ensuring fair unemployment insurance coverage for all workers and maintaining equity in the workforce across the state.

For more information on Act 76 and how it affects non-profit organizations or the State's Unemployment Insurance Program, please visit the Vermont Department of Labor's website at www.labor.vermont.gov.

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