

LEGISLATIVE CHANGES

Alabama: Will use Rate Schedule D in 2010 (used Rate Schedule C from 2006-2009). This change results in a 0.15% - 0.70% increase on each employer's unemployment tax rate. In addition, the "shared cost" factor increased from 0.30% to 1.50% for all employers.

Arkansas: Added a 0.10% Extended Benefit Tax to all employers' 2010 tax rates.

Arizona: A new rate schedule for 2010 was issued with a minimum rate of 0.02% (same as 2009) and a maximum rate of 5.90% (5.40% in 2009).

California: Currently, the 2010 taxable wage base is to remain at \$7,000. Please note that the January 13, 2010 hearing regarding the bill which would raise the wage base to \$21,000 **was cancelled**. At this time, there is no word on what will be the next step.

Florida: House Bill 7033 was passed on March 2, 2010, which will delay the Florida tax rate calculation increase and taxable wage base increase until 2012.

All employers will receive a revised 2010 tax rate notice dated March 31, 2010. The rating "multiplier" was reduced from 1.0813 to 0.4171, and the "final adjustment factor" was reduced from 1.18% to 0.36%.

Georgia: A new rate schedule for 2010 was issued with a minimum rate of 0.03% (same as 2009) and a maximum rate of 7.02% (6.21% in 2009).

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Hawaii: Governor Linda Lingle signed legislation to lower the dramatic increase in state unemployment insurance tax for 2010. The bill, HB2169 HD2, reduces the average unemployment insurance tax rates for FY 2010 from \$1,070 to \$630 per employee.

The 2010 tax rate schedule will increase from Table A (2009) to Table D (rather than table F) in 2010. Employers will incur an additional tax rate increase of 0.20% - 1.80%.

In addition, the taxable wage base will increase from \$13,000 (2009) to \$34,900 (rather than \$38,800) in 2010.

http://www.capitol.hawaii.gov/session2010/bills/HB2169_HD2_.pdf
<http://hawaii.gov/labor/ui/ui-quick-facts/tax-rates-and-weekly-benefit-amt>

Iowa: The 2010 tax rate schedule changed from Table 6 (2009) to Table 4 in 2010. Depending on a specific entity's rate class, employers incurred as much as a 3.10% increase in tax rates during 2010. However, the majority of employers incurred an increase of 1.00% or less.

<http://www.iowaworkforce.org/news/XcNewsPlus.asp?cmd=view&articleid=738>

Idaho: The minimum tax rate increased from 0.447% to 0.960%, and the maximum tax rate increased from 5.400% to 6.800% for 2010.

Illinois: Increased the "state experience factor" from 91% to 107% in 2010, and the "fund building rate" increased from 0.40% to 0.45%. Employers will incur a tax rate increase between 0.00% and 0.45%.

Indiana: Indiana businesses have won a one-year reprieve from paying higher unemployment insurance premiums, but the delay will put the state's unemployment system deeper in debt. **The 2010 taxable wage base will be reduced back to \$7,000.**

Gov. Mitch Daniels signed into law Senate Enrolled Act 23, which delays the implementation date of new, mostly higher unemployment rates paid by employers to 2011. Businesses are expected to save an estimated \$400 million as a result of the delay.

http://nwitimes.com/business/local/article_e09a35ad-2704-5bfb-a601-48fcb096cfde.html

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Kansas: The majority of positive rated employers will receive a revised 2010 tax rate notice. The 2010 tax rates for 32 positive “rate classes” have been reduced from the originally assigned rates by 0.05% to 1.83%, dependent on the rate class.

Massachusetts: Governor Deval Patrick signed legislation on February 18, 2010 that will provide immediate relief to Massachusetts businesses by freezing employers' contribution to the Unemployment Insurance (UI) Trust Fund at current levels. This new law prevents a scheduled rate hike from taking effect, helping to save businesses almost \$400 million this year.

http://www.mass.gov/?pageID=gov3pressrelease&L=1&L0=Home&sid=Agov3&b=pressrelease&f=021810_rate_freeze&csid=Agov3

Maryland: A new rate schedule for 2010 will be issued with a minimum rate of 2.20% (0.60% in 2009) and a maximum rate of 13.50% (9.00% in 2009).

Maine: A new rate schedule for 2010 was issued with a minimum rate of 0.84% (0.49% in 2009) and a maximum rate of 7.25% (5.45% in 2009). These rates include the 0.06% CSSF rate (0.05% in 2009).

Minnesota: Passed legislation (SF2081) increasing the Workforce Enhancement Fee Assessment from 0.10% to 0.12% effective **3rd quarter 2009**. All employers should add 0.02% to their existing 2009 tax rate as of July 1, 2009.

The Workforce Enhancement Fee will remain 0.12% during calendar year 2010. In addition, the base tax rate will increase by 0.10% for all employers in 2010 – this increase is referred to as the “Falling Trust Fund Adjustment Fee”.

http://www.uimn.org/general/whats_new.htm

Missouri: All employers who reported taxable wages during the period of July 1, 2007 through June 30, 2008 are subject to an automation surcharge in the 1st quarter 2009. Contributions to the automation surcharge will not be used in future tax rate calculations. However, all employers subject to the automation surcharge received a 0.05% reduction in their 2009 tax rate. <http://www.dolir.mo.gov/es/ui-tax/rates.htm>

This automation surcharge is in effect for calendar years 2009, 2010, and 2011.

The 2009 surcharge is calculated as follows:

July 1, 2007 – June 30, 2008 taxable wages * 0.05%

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Mississippi: Per HB 1718, the taxable wage base will increase from \$7,000 in 2010 to \$14,000 in 2011.

To counteract the doubling of the taxable wage base, Mississippi intends to reduce its tax rate computation for 2011 so that an employer's tax cost should not double. Furthermore, the increase in taxable wages will likely result in even lower tax rates for 2012.

<http://billstatus.ls.state.ms.us/documents/2010/pdf/HB/1700-1799/HB1718SG.pdf>

Montana: A new rate schedule for 2010 was issued with a minimum rate of 0.60% (0.13% in 2009) and a maximum rate of 6.30% (same as 2009). Most employers incurred a 0.47% - 0.80% rate increase.

New Hampshire: An "Emergency Power" Surcharge of 1.00% was added onto each employer's tax rates for the 1st quarter 2010. No determination has been made on the remaining quarters for 2010.

New Jersey: Tax rate schedule will change from Table A (2008/2009) to Table B (2009/2010). Employers will incur as much as a 1.00% increase in tax rates during 2009/2010.

It is very likely that the rate schedule will change to Table E in 2010/2011. Employers would incur an additional tax rate increase of 0.80% - 2.10% during 2010/2011.

New Mexico: State has proposed House Bill 144 "establishing a temporary schedule for contributions and abolishing the state unemployment trust fund". This bill is likely to affect tax rates for 2011, and will not be retroactive to January 1, 2010. Potential new tax rate schedules are shown on pages 16 and 17 of the PDF shown below, which could raise employers' tax rates as much as 2.67% (Current Contribution Schedule is "0").

<http://legis.state.nm.us/Sessions/10%20Regular/bills/house/HB0144.pdf>

New York: A new rate schedule for 2010 was issued with a minimum rate of 1.50% (1.30% in 2009) and a maximum rate of 9.90% (9.70% in 2009). All employers incurred a 0.20% rate increase.

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Oregon: A new rate schedule for 2010 was issued with a minimum rate of 1.80% (0.90% in 2009) and a maximum rate of 5.40% (same as 2009). Employers will incur an additional tax rate increase of 0.00% - 0.90% depending on the applicable benefit ratio.

Pennsylvania: The “additional contributions” factor increased from 0.25% (2009) to 0.65% (2010). In addition, the rate for employee withholding increased from 0.06% (2009) to 0.08% (2010).

South Carolina: The proposed legislation to increase the 2010 taxable wage base to \$12,000 (from \$7,000 in 2009) **was not passed** during the first session of the South Carolina Assembly. The second session began in January 2010; however, the governor has not indicated if this legislation will be proposed again.

South Dakota: Per SDCL 61-5-23, there was an additional 1.50% surcharge on taxable wages paid during 4th quarter 2009. Senate Bill 186 reduced this surcharge to 1.00% for the 1st quarter 2010. In addition, the current \$10,000 wage base will increase by \$1,000 per year through 2015.

A new rate schedule for 2010 was issued with a minimum rate of 0.00% (same as 2009) and a maximum rate of 10.05% (was 9.06% in 2009). Employers will incur an additional tax rate increase of 0.00% - 0.99% depending on the applicable reserve ratio.

Texas: Increased the Replenishment Tax Rate from 0.16% to 0.50%, and also implemented a Deficit Tax Rate (Prior Year’s Rate * 0.78) for 2010. This Deficit Tax Rate may not exceed 2.00%. As a result, all employers incurred between a 0.46% and 2.34% tax rate increase in 2010.

Virginia: Increased the Pool Cost Charge from 0.08% to 0.28%, and also increased the Fund Building Charge from 0.00% to 0.20% for 2010. (Total increase 0.40%)

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Washington: Passed SSB 5963 – For rate classes 2 through 39, 2010 tax rates will be reduced by 0.02% to 0.05% in 2010. The tax rate schedule is the same for rate classes 1 and 40. However, other rating factors (i.e. the Social Tax Rate) are subject to change.

In addition, during 2005, the state legislature asked Washington to change the way that unemployment benefits were determined for former employees. The state began basing benefits on the average earnings for the two highest-paid quarters each year. At the same time, they continued to calculate benefit charges (which affect your tax rate) based on the earning for the entire year. As a result, you may not have been charged for all of your former employees' benefits.

Beginning 2010, Washington will revert back to the “two-quarter method”. Future tax rates will not necessary increase due to the increase in total benefit charges.

Wisconsin: Increased its 2010 tax rate schedule by 0.40% - 0.70% for all positive rated employers. The rate schedule remains the same as 2009 for negative rated employers.

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Federal Loans: Outstanding Loans from the Federal Unemployment Account Balances as of May 3, 2010 are as follows. In the event that a state does not repay its loan in a timely fashion, the FUTA tax credit of 5.40% may be reduced to 5.10% in that state. Only the state of Michigan had its 2009 FUTA Tax Credit reduced. The states which began borrowing in 2008 (or prior) would lose its FUTA credit in 2010, beginning in 2009 (or prior) would lose its FUTA credit in 2011, and beginning in 2010 (or prior) would lose its FUTA credit in 2012. As a result, the FUTA rate would increase from 0.80% to 1.10%.

<http://workforcesecurity.doleta.gov/unemploy/budget.asp#tfloans>

<u>STATE</u>	<u>LOAN BALANCE</u>	<u>DATE BEGAN BORROWING</u>
Alabama	\$283,001,164.19	September 15, 2009
Arizona	\$25,140,949.54	March 2010
Arkansas	\$330,853,383.31	March 16, 2009
California	\$8,803,908,058.67	January 27, 2009
Colorado	\$253,697,149.74	January 2010
Connecticut	\$498,452,705.05	October 2009
Delaware	\$12,901,505.48	March 2010
Florida	\$1,612,500,000.00	August 24, 2009
Georgia	\$416,000,000.00	December 2009
Idaho	\$202,401,700.22	June 29, 2009
Illinois	\$2,239,582,343.13	July 14, 2009
Indiana	\$1,834,246,119.45	December 11, 2008
Kansas	\$88,159,421.40	February 2010
Kentucky	\$795,100,000.00	January 28, 2009
Maryland	\$133,840,764.71	February 2010
Massachusetts	\$387,313,005.04	February 2010
Michigan	\$3,876,782,333.32	September 27, 2006
Minnesota	\$440,988,571.63	July 22, 2009
Missouri	\$722,116,933.16	February 27, 2009
Nevada	\$395,528,607.16	October 2009
New Hampshire	\$5,624,661.59	February 2010
New Jersey	\$1,749,563,533.38	March 5, 2009
New York	\$3,176,873,427.71	January 13, 2009
North Carolina	\$2,277,501,392.78	February 11, 2009
Ohio	\$2,314,186,799.00	January 13, 2009
Pennsylvania	\$3,008,614,960.83	March 17, 2009
Rhode Island	\$225,472,937.00	March 16, 2009
South Carolina	\$886,662,351.97	December 31, 2008
South Dakota	\$24,027,178.42	August 5, 2009
Tennessee	\$20,736,767.13	April 2010
Texas	\$993,037,306.58	July 22, 2009
Vermont	\$32,657,064.94	February 2010
Virgin Islands	\$13,321,649.88	August 27, 2009
Virginia	\$346,876,000.00	October 2009
Wisconsin	\$1,424,768,541.29	February 18, 2009
TOTAL	<u>\$39,852,439,287.70</u>	

2009/2010 TAXABLE WAGE BASES

<u>State</u>	<u>2010 Taxable Wage Base</u>	<u>2009 Taxable Wage Base</u>	<u>State</u>	<u>2010 Taxable Wage Base</u>	<u>2009 Taxable Wage Base</u>
Alabama	\$8,000	\$8,000	Montana	\$26,000	\$25,100
Alaska	34,100	32,700	Nebraska	9,000	9,000
Arizona	7,000	7,000	Nevada	27,000	26,600
Arkansas	12,000	10,000	New Hamp.	10,000	8,000
California	7,000	7,000	New Jersey	29,700	28,900
Colorado	10,000	10,000	New Mexico	<i>20,800</i>	20,900
Connecticut	15,000	15,000	New York	8,500	8,500
Delaware	10,500	10,500	N. Carolina	19,700	19,300
District of Col	9,000	9,000	N. Dakota	24,700	23,700
Florida	7,000	7,000	Ohio	9,000	9,000
Georgia	8,500	8,500	Oklahoma	14,900	14,200
Hawaii	34,900	13,000	Oregon	32,100	31,300
Idaho	33,300	33,200	Pennsylvania	8,000	8,000
Illinois	12,520	12,300	Puerto Rico	7,000	7,000
Indiana	7,000	7,000	Rhode Island	19,000	18,000
Iowa	24,500	23,700	S. Carolina	7,000	7,000
Kansas	8,000	8,000	S. Dakota	10,000	9,500
Kentucky	8,000	8,000	Tennessee	9,000	9,000
Louisiana	7,700	7,000	Texas	9,000	9,000
Maine	12,000	12,000	Utah	28,300	27,800
Maryland	8,500	8,500	Vermont	10,000	8,000
Massachusetts	14,000	14,000	Virgin Isl.	22,200	22,100
Michigan	9,000	9,000	Virginia	8,000	8,000
Minnesota	27,000	26,000	Washington	36,800	35,700
Mississippi	7,000	7,000	W. Virginia	12,000	12,000
Missouri	13,000	12,500	Wisconsin	12,000	12,000
			Wyoming	22,800	21,500

BOLD = Increased from 2009
Italics = Decreased from 2009

2010 National Average = \$15,227
2009 National Average = \$14,434