

# 2010 Legislative Session

## SB 186

**An Act to change the unemployment insurance wage base and contribution rates and to declare an emergency.**

# Section 1: Wage Base

The wage base is the amount of wages on which the UI tax is paid.

## Current Law

- 2006 – \$7,000
- 2007 – \$8,500
- 2008 – \$9,000
- 2009 – \$9,500
- 2010 – \$10,000

## Proposed Law

- 2011 – \$11,000
- 2012 – \$12,000
- 2013 – \$13,000
- 2014 – \$14,000
- 2015 – \$15,000

# Sections 2 and 3: Tax Rate Table

Current			Proposed		
2010 UI Tax Rate %	Account Balance per Employee Required for Rate	Current Reserve Ratio	Account Balance per Employee Required for Rate	Proposed Reserve Ratio	
0.0	\$432	1.6 and >	\$675	2.5 and >	
0.1	\$405	1.5 and < 1.6	\$540	2.0 and < 2.5	
*	*	*	*	*	
*	*	*	*	*	
*	*	*	*	*	
1.0	\$0	0.0 and < 0.2	\$203	0.75 and < 1.0	
1.5	-\$135	-0.5 and < 0.0	\$0	0.0 and < 0.5	
*	*	*	*	*	
*	*	*	*	*	
*	*	*	*	*	
8.0	-\$1,890	-7.0 and < -6.5	-\$1,485	-5.5 and < -5.0	
8.5	< than -\$1,890	< than -7.0	-\$1,620	-6.0 and < -5.5	
Proposed Tax	9.0		-\$1,755	-6.5 and < -6.0	
Rate Increases	9.5		< than -\$1,755	< than -6.5	

# Section 4:

## Surcharge Rate Calculations

- Range from 0.1% of the base wage paid in the quarter at the \$11 million balance to 1.5% if the balance is \$5.5 million or less.

	<b>Current</b>	<b>Proposed</b>
<b>2010</b>	1.5% (\$150 max)	1.0% (\$100 max)
<b>2011</b>	1.5% (\$150 max)	.75% (\$82.50 max)
<b><i>2012 and beyond</i></b>	<b><i>1.5% (\$150 max)</i></b>	

# 2010 Tax Consequences

- Of the 20,628 employers who will have tax rates assigned, under proposal:
  - 80% = Savings; 18% = Additional Cost; 2% = No Change

Tax Rate	# of Employers	Impact
≤ 0.6%	15,969	Savings: \$10-\$55/worker
0.7% - 0.8%	1,379	Savings: \$5-\$20/worker <b>OR</b> Additional Cost: \$5-\$20/worker
0.9%	363	Additional Cost: \$10/worker
1.0%	253	No Change
1.5%	483	Additional Cost: \$50/worker <b>OR</b> No Change
≥ 2.0%	2,181	Additional Cost: \$50-\$100/worker

# UI Projections

## Unemployment Insurance Totals (in millions)

YEAR	Total Income	Benefits	Trust Fund
2000	17.5	15.2	51.1
2001	16.9	22.8	45.1
2002	17.0	29.8	51.2
2003	17.5	31.0	37.4
2004	18.0	28.1	27.3
2005	18.9	25.8	20.4
2006	19.5	20.8	19.3
2007	26.3	20.8	24.1
2008	26.5	25.1	25.5
2009	31.6	63.6	-7.7
<b>2010</b>	<b>74.3</b>	<b>65.1</b>	<b>1.8</b>
<b>2011</b>	<b>68.3</b>	<b>40.0</b>	<b>30.1</b>
<b>2012</b>	<b>50.2</b>	<b>41.2</b>	<b>39.1</b>

*Italicized - Projected Data*

# Revenue Shifts

	<b>Current</b> <b>Tax</b> <u>+ <b>Surcharge</b></u> <b>= Total Revenue</b>	<b>Proposed</b> <b>Tax</b> <u>+ <b>Surcharge</b></u> <b>= Total Revenue</b>
<b>2010</b>	\$27.9 million <u>+ \$44.2 million</u> = \$72.1 million	\$43.4 million <u>+ \$30.9 million</u> = \$74.4 million
<b>2011</b>	\$28.9 million <u>+ \$40.6 million</u> = \$69.5 million	\$47.3 million <u>+ \$21.0 million</u> = \$68.3 million