

CHAPTER 2

FINANCING

THE FEDERAL TAX AND THE FEDERAL UNEMPLOYMENT TRUST FUND (UTF)

AMOUNT OF TAX—Under the provisions of the Federal Unemployment Tax Act (FUTA), a Federal tax is levied on covered employers at a rate of 6.0 percent on wages up to \$7,000 per calendar year paid to a worker in covered employment. The law, however, provides a credit against Federal tax liability of up to 5.4 percent to employers who pay state taxes timely under an approved state UI program. This credit is allowed regardless of the amount of the tax paid to the state by the employer. Accordingly, in states meeting the specified requirements, employers pay an effective Federal tax of 0.6 percent or a maximum of \$42 per covered worker, per year. The Federal tax is not levied on workers.

Historical Note: Initially, the Federal tax was 1.0 percent (0.1 percent effective tax) of the total wages of a worker. By 1940 it had increased to 3.0 percent (0.3 percent effective tax) on wages up to \$3,000. Since then, the rate has increased a number of times, occasionally on a temporary basis. In 1985, the Federal tax reached 6.2 percent (0.8 percent effective tax) on taxable wages. On July 1, 2011, the Federal tax was reduced to 6.0 percent. The taxable wage base increased to \$4,200 in 1972; \$6,000 in 1978; and \$7,000 in 1983.

The credit against the Federal tax may be reduced if the state has an outstanding advance (commonly called a “loan”). When states lack the funds to pay UI benefits, they may obtain advances from the Federal government. To assure that these advances are repaid Federal law provides that, when a state has an outstanding advance balance on January 1 of two consecutive years, the full amount of the advance must be repaid before November 10 of the second year or the credit available to employers will be reduced. The amount of the reduction increases annually until the advance is repaid unless certain conditions are met. Section 3302(c), FUTA, provides for certain limits on this credit reduction. Except for cash flow loans (advances obtained from January through September and repaid by September 30 of the same calendar year), interest is charged on all loans made on or after April 1, 1982. The rate is the lesser of 10 percent or the rate of interest paid on the state reserve balance in the Federal UTF for the last quarter of the preceding calendar year. Interest payments may not be made from the state’s unemployment fund.

USE OF FEDERAL REVENUES—The Federal tax funds the following costs:

- Federal and state administrative costs for the UI program;
- The Federal share of benefits paid under the Federal-State Extended Unemployment Compensation Act of 1970 (this program “triggers on” during periods of high and rising unemployment);

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- The fund from which an individual state may obtain advances (or “loans”) whenever the state’s trust fund lacks funds to pay UC; and
- Labor exchange services under the Wagner-Peyser Act, employment and training services for veterans and disabled veterans under Chapter 41 of Title 38 of the U.S. Code, and some labor market information program activities.

THE UNEMPLOYMENT TRUST FUND (UTF)—The UTF in the U.S. Treasury consists of 59 accounts:

- The book account for each state (defined as the 50 states, District of Columbia, Puerto Rico, and the Virgin Islands). Each state account consists of the contributions and reimbursements collected by the state. Interest earned on these amounts is credited to the state accounts. Money is withdrawn from state accounts for payment of benefits and refunds of contributions erroneously paid.
- The Employment Security Administration Account (ESAA). Each year, Congress appropriates from this account the funds necessary for administering the federal-state UI program, labor exchange services under the Wagner-Peyser Act, employment and training services for veterans and disabled veterans under Chapter 41 of Title 38 of the U.S. Code, and some labor market information program activities.
- The Extended Unemployment Compensation Account (EUCA). Funds from this account reimburse states for the Federal share of extended benefits. This fund is also used at times to cover the cost of temporary extensions.
- The Federal Unemployment Account (FUA). This fund provides states with repayable advances for paying UC.
- The Federal Employees Compensation Account (FECA). This fund finances benefit payments to former Federal and military employees.
- Two accounts related to the Railroad Retirement Board.

All Federal payroll taxes are deposited into the ESAA. Amounts equal to one-tenth of net monthly collections are automatically transferred to the EUCA.

On September 30 of each year, the net balance in the ESAA is determined. If the amount in this account exceeds 40 percent of the prior year’s appropriation by Congress, then an “excess” exists. This excess is transferred to the EUCA and/or the FUA as provided by the Social Security Act (SSA) unless the balance of each of these accounts exceeds its statutory ceiling. The net balances of the EUCA and the FUA are also determined on September 30 of each year. The statutory ceiling in the EUCA equals 0.5 percent of total wages in covered employment for the preceding calendar year. For the FUA, the statutory ceiling equals 0.5 percent of total wages in covered employment for the calendar year. Excess balances are transferred between these accounts or to the ESAA as required by the SSA. If all three accounts are at their statutory limits, the excess amounts are distributed to the state accounts in the UTF in the same proportion that each state’s covered payrolls bear to the aggregate covered payrolls of all states. These are commonly called “Reed Act” distributions and are governed by section 903, SSA.

Technical Note: The SSA provides that the maximum balance in the extended unemployment compensation account is the *greater* of \$750 million or 0.5 percent of total wages in covered employment. Due to the growth in covered employment, the \$750 million figure is effectively obsolete. A similar provision relating to the Federal unemployment account (\$550 million) is also effectively obsolete.

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With certain exceptions authorized by Federal law, Reed Act moneys may only be used for benefit payments. A state may, through an appropriation of its legislature, use Reed Act moneys under certain conditions to supplement Federal administration grants in financing its UI program and system of public employment offices.

Most states' UI laws contain permanent provisions regarding the use of moneys transferred under Section 903 of the SSA. These provisions usually mirror the requirements of Federal law pertaining to "traditional" Reed Act distributions, including a provision that the moneys be used for the payment of UI benefits unless appropriated by the legislative body of the state for the administration of the state's UI law or the state's system of public employment offices.

STATE TAXES AND OTHER STATE REVENUES

To enable employers to obtain credit against the Federal tax, all states finance the costs of UI benefits by imposing payroll taxes, commonly called "contributions," on employers. In addition, three states require employee contributions under certain conditions. Federal law requires that nonprofit organizations, state and local governmental entities, and federally recognized Indian tribes be given the option of making "payments in lieu of contributions" (commonly called "reimbursements").

EMPLOYER TAXES—The amount of tax an employer pays depends on the number of its employees, the state's taxable wage base, and the contribution rate assigned the employer.

Since employers wish to receive the maximum credit of 5.4 percent against the Federal payroll tax, state laws provide for assignment of a contribution rate of 5.4 percent or higher. In all states, an employer pays a contribution rate based on its "experience." In all states, new and newly covered employers pay a "new employer rate" until they meet the requirements for experience rating. In some states, additional contributions are required when fund levels drop to specified points or to restore amounts expended for noncharged or ineffectively charged benefits. Noncharged benefits are those charged to a general account rather than to an individual employer account. Ineffectively charged benefits include those charged to inactive and terminated accounts, and those charged to an employer's experience rating account after the previously charged benefits to the account were sufficient to qualify the employer for the maximum contribution rate. In some states, the state UI agency collects additional taxes imposed on the employer's payroll. Although the revenues from these additional taxes are not deposited in the state's unemployment fund, they sometimes serve UI or employment and training purposes.

In every state, an employer who has overpaid contributions, based on the law in effect at the time of the overpayment, is entitled to a refund. These refunds may be made within time limits ranging from 1 to 6 years; in a few states no limit is specified.

Technical Note: Federal and state laws provide for a "standard rate" of contributions. At one time, the standard rate for Federal and state law purposes was identical; now this is not always the case. For Federal purposes, a state must have a standard rate of at least 5.4 percent if its employers are to obtain the full credit against the Federal tax. As a result, the Department of Labor accepts a 5.4 percent rate (or in its absence, the highest rate assigned based on experience) as being the standard rate for Federal law purposes. Many state laws use the term standard rate in this sense. Other state laws use the term differently; it may, for example, be the new employer rate.

EMPLOYEE TAXES—Only Alaska, New Jersey, and Pennsylvania levy UI taxes on workers. The tax base is that applicable to employers except in Pennsylvania, where employee contributions are calculated on total gross covered wages paid for employment. Worker taxes are deducted by the employer from the worker's pay and

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forwarded with the employer's taxes to the state agency. In Alaska, the tax rate is equal to 27 percent of the average benefit cost rate, but not less than 0.5% or more than 1.0%. In New Jersey, the tax rate is 0.3825 percent. Depending on the adequacy of the fund balance in a given year, Pennsylvania employees pay contributions ranging from 0.0 percent to 0.08 percent of total gross covered wages earned in employment.

INTEREST AND PENALTY FUNDS—In every state an employer is subject to certain interest or penalty payments for delay or default in payment of contributions, and may incur penalties for failure to file or delinquency in filing required reports. Many states have set up special administrative funds, made up of such interest and penalties, to meet special needs. The most usual statement of purpose includes one or more of these three items:

- To cover expenditures for which Federal funds have been requested but not yet received, subject to repayment to the fund;
- To pay costs of administration found not to be properly chargeable against funds obtained from Federal sources; or
- To replace funds lost or improperly expended for purposes other than, or in amounts in excess of, those found necessary for proper administration of the UI program.

A few of these states provide for the use of such funds for purchasing land and buildings for agency use, or for the payment of interest on Federal advances. In some states, the fund is capped; when it exceeds a specified sum, the excess is transferred to the unemployment fund or, in one state, to the general fund.

TAXABLE WAGES—Almost all states have adopted a higher tax base than that applicable under FUTA. In these states, an employer pays a tax on wages paid to (or earned by) each worker within a calendar year up to the specified amount. In addition, most of the states provide an automatic adjustment of the wage base if the FUTA is amended to apply to a higher taxable wage base than that specified under state law.

Some states have established flexible tax bases, i.e., bases that are automatically adjusted, generally on an annual basis. Most of these states key the adjustment to some measure of previous wages.

Table 2-1: TAXABLE WAGE BASES								
State	Taxable Wage Base	Wages Include Remuneration Over \$7,000 if Subject to FUTA	State	Taxable Wage Base	Wages Include Remuneration Over \$7,000 if Subject to FUTA	State	Taxable Wage Base	Wages Include Remuneration Over \$7,000 if Subject to FUTA
AL	\$8,000	X	AK*	\$37,400		AZ	\$7,000	X
AR	\$12,000	X	CO	\$11,700	X	CT	\$15,000	X
DE	\$18,500	X	DC	\$9,000	X	FL	\$8,000 ¹	X
GA	\$9,500	X	HI*	\$40,400	X	ID*	\$35,200	
IL*	\$12,960	X	IN	\$9,500	X	IA*	\$26,800	X
KS	\$8,000	X	KY	\$9,600 ²	X	LA*	\$7,700	X
ME	\$12,000	X	MD	\$8,500	X	MA	\$14,000	X
MI	\$9,500	X	MN*	\$29,000		MS	\$14,000	X
MO*	\$13,000	X	MT *	\$29,000	X	NE	\$9,000	X
NV*	\$27,400	X	NH	\$14,000		NJ*	\$31,500	X

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NM*	\$23,400	X	NY	\$10,300 ³	X	NC*	\$21,400	X
ND *	\$33,600	X	OH	\$9,000		OK*	\$18,700	
OR*	\$35,000	X	PA	\$8,750 ⁴	X	RI*	\$20,600 ⁵ or \$22,100	X
SC	\$12,000 ⁶	X	SD	\$14,000 ⁷	X	TN*	\$9,000	X
TX	\$9,000		UT*	\$30,800	X	VT	\$16,000 ⁸	X
VA	\$8,000		VI*	\$22,500		WA*	\$41,300	
WV*	\$12,000	X	WI	\$14,000	X	WY *	\$24,500	X

NOTE: California and Puerto Rico are not included in this table since they have neither a taxable wage base above \$7,000 nor a provision in their law that automatically adjusts the taxable wage base if FUTA is amended to apply to a higher amount than that specified under state law.

¹ Beginning in 2015, taxable wage base is \$7,000 but increases to \$8,500 any year principal is due on Title XII advances.

² The taxable wage base increases \$300 annually until 2022, up to a maximum of \$12,000.

³ The taxable wage base increases annually through 2026. Thereafter, the taxable wage is indexed.

⁴ The taxable wage base will increase to \$10,000 over a period of six years, ending in 2018.

⁵ Two-tier UI taxable wage base. Tier I sets the state's UI taxable wage base at 46.5% of the statewide average annual wage for most employers. Tier II impacts only employers in the highest tax group, and sets the taxable wage base \$1,500 higher than the wage base for employers in lower tax groups.

⁶ The taxable wage base increases to \$14,000 in 2015.

⁷ The taxable wage base increases to \$15,000 in 2015.

⁸ When the trust fund has a positive balance and the state has no outstanding Title XII advances the taxable wage base increases by the same percentage as the increases in the state's average annual wage. Additionally, the taxable wage base shall decrease by \$2,000 if rate schedules I or III are in effect.

* Flexible taxable wage base, see following table.

Table 2-2: COMPUTATION OF FLEXIBLE TAXABLE WAGE BASES

State	Indexed Taxable Wage Base					Variable Taxable Wage Base Based on Trust Fund Balance (6 States)
	Computed As		Period of Time Used			
	% of State Average Annual Wage (14 States)	Other (4 States)	Preceding CY (7 States)	12 Months Ending June 30 (6 States)	Second Preceding CY (4 States)	
AK	75 rounded to nearest \$100			X		N/A
HI	100 rounded to nearest \$100			X		N/A
ID	100 rounded to Nearest \$100				X	N/A
IL	N/A					X
IA		66 2/3% of the state AWW, multiplied by 52, or the Federal taxable wage base; rounded to higher \$100	X			N/A
LA	N/A					X
MN	60 rounded to nearest \$1,000		X			N/A
MO	N/A					X

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Table 2-2: COMPUTATION OF FLEXIBLE TAXABLE WAGE BASES

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	Computed As		Period of Time Used			
	% of State Average Annual Wage (14 States)	Other (4 States)	Preceding CY (7 States)	12 Months Ending June 30 (6 States)	Second Preceding CY (4 States)	
MT	80 rounded to nearest \$100		X			N/A
NV	66 $\frac{2}{3}$ rounded to nearest \$100		X			N/A
NJ		28 x state AWW rounded to higher \$100			X	N/A
NM	60 rounded to higher \$100			X		N/A
NC	50 rounded to nearest \$100		X			N/A
ND	70 rounded to nearest \$100			X		N/A
OK	40-50 (dependent upon the condition factor in place) rounded to nearest \$100				X	N/A
OR	100 rounded to nearest \$100				X	N/A
RI	46 $\frac{1}{2}$ rounded to higher even multiple of \$200		X			N/A
TN	N/A					X
UT		75% of the prior average fiscal year wage rounded to the higher \$100				N/A
VI	60 rounded to higher \$100					N/A
WA		115% of previous year's taxable wage base rounded to the lower \$100, but not to exceed 80% of AAW for the 2nd preceding CY rounded to the lower \$100				N/A
WV	N/A					X
WY	55 rounded to lower \$100					N/A

EXPERIENCE RATING

All state laws use a system of experience rating by which individual employers' contribution rates are varied on the basis of their experience with the risk of unemployment.

Experience rating systems are designed to: encourage employers to stabilize employment; equitably allocate the costs of unemployment; and encourage employers to participate in the system by providing eligibility information.

FEDERAL REQUIREMENTS FOR EXPERIENCE RATING—State experience rating provisions have developed on the basis of the additional credit provisions of Section 3303(a), FUTA. Federal law allows employers additional credit for a lowered rate of contribution if the rates are based on not less than 3 years of “experience with respect to unemployment or other factors bearing a direct relation to unemployment risk.”

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FUTA allows the states to extend experience rating tax reductions to new and newly covered employers after they have had at least 1 year of such experience. Further, states allow new and newly covered employers a reduced rate (but not less than one percent) on a reasonable basis.

STATE REQUIREMENTS FOR EXPERIENCE RATING—In most states, 3 years of experience with unemployment means more than 3 years of coverage and contribution experience. Factors affecting the time required to become a “qualified” employer include:

- The coverage provisions of the state law (“at any time” vs. “20 weeks”);
- In states using benefits or benefit derivatives in the experience-rating formula, the type of base period and benefit year, and the lag between these two periods, which determine how soon a new employer may be charged for benefits;
- The type of formula used for rate determination; and
- The length of the period between the date as of which rate computations are made and the effective date for rates.

Historical Note: The first state UI system in this country (Wisconsin) set up a separate reserve for each employer. Employer contributions were credited to this reserve and benefits paid to former employees were charged to it as long as the account had a credit balance. Most of the states enacted “pooled-fund” laws on the theory that the risk of unemployment should be spread among all employers and that workers should receive benefits regardless of the balance of the contributions paid by the individual employer and the benefits paid to such workers. All states now have pooled unemployment funds.

EXPERIENCE RATING FORMULAS—Within the broad Federal requirements, the experience rating provisions of state laws vary greatly. The most significant variations grow out of differences in the formulas used for rate determinations. The factor used to measure experience with unemployment is the basic variable that makes it possible to establish the relative incidence of unemployment among the workers of different employers. At present there are four distinct systems, usually identified as reserve-ratio, benefit-ratio, benefit-wage ratio, and payroll variation formulas. A few states have combinations of the systems.

All systems have certain common characteristics. All formulas are devised to establish the relative experience of individual employers with unemployment or with benefit costs. To this end, all have factors for measuring each employer’s experience with unemployment or benefit expenditures, and all compare this experience with a measure of exposure (usually payrolls) to establish the relative experience of large and small employers. However, the four systems differ greatly in the construction of the formulas, in the factors used to measure experience, and the methods of measurement, in the number of years over which the experience is recorded, in the presence or absence of other factors, and in the relative weight given the various factors in the final assignment of rates.

RESERVE-RATIO FORMULA—The reserve-ratio [(contributions minus benefits charged) divided by payroll] was the earliest of the experience rating formulas and continues to be the most popular. The system is essentially cost accounting. On each employer’s record are entered the amount of payroll, contributions, and the benefits paid to workers. The benefits are subtracted from the contributions, and the resulting balance is divided by the payroll to determine the size of the balance in terms of the potential liability for benefits. The balance carried forward each year under the reserve-ratio plan is ordinarily the difference between the employer’s total contributions and the total benefits received by workers since the employer became subject to the UI law.

Rates are assigned according to a schedule for specified ranges of reserve ratios, the higher the ratio, the lower the rate. Also, fluctuations in the state fund balance can affect the rate an employer will pay; an increase

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in the fund may trigger a tax rate schedule in which a lower rate is assigned and, conversely, a decrease in the fund balance may trigger a tax schedule requiring a higher rate.

Table 2-3: RESERVE-RATIO FORMULA STATES

State	Years of Benefits and Contributions Used	Years of Payrolls Used ¹	State	Years of Benefits and Contributions Used	Years of Payrolls Used ¹
AZ	All past years	Average of 3 years, ending 6 months before computation date	AR	All past years	Average last 3 or 5 years, whichever is lower ²
CA	All past years	Average of 3 years, ending 6 months before computation date	CO	All past years	Average 3 years
DC	All since July 1, 1939	Average of 3 years, ending 3 months before computation date	GA	All past years	Average 3 years
HI	All past years	Average 3 years	ID	All since Jan.1, 1940	Average 4 years
IN	All past years	Aggregate 3 years	KS	All past years	Average 3 years
KY	All past years	Aggregate 3 years	LA	All since Oct.1, 1941	Average 3 years
ME	All past years	Average 3 years	MA	All past years	Last year
MO	All past years	Average 3 years	MT	All years since Oct. 1, 1981	Average 3 years
NE	All past years	Average 4 years	NV	All past years	Average 3 years
NH	All past years; last 5 years under specified conditions	Average 3 years	NJ	All past years	Average last 3 or 5 years, whichever is higher
NM ³	All past years	Average 3 years	NY	All past years	Average of 5 years, ending 3 months before computation date
NC	All past years	Aggregate 3 years	ND	Last 6 years	Average 3 years
OH	All past years	Average 3 years	PR	Last 3 years	Last 3 years
RI	All since October 1, 1958	Average 3 years	SD	All past years	Aggregate 3 years
TN	All past years	Average 3 years	VI	Last 3 years	Last 3 years
WV	All past years	Average 3 years	WI	All past years	Last year

¹ Years immediately preceding or ending on computation date, unless noted.

² Experience rated employers may elect to be rated on the basis of total taxable wages paid during the preceding CY.

³ Effective 1/1/15 contribution rates will be determined using benefit ratio.

BENEFIT-RATIO FORMULA—The benefit-ratio formula (benefits charged divided by employer’s payroll) also uses benefits as the measure of experience, but eliminates contributions from the formula and relates benefits directly to payrolls. The theory is that, if each employer pays a rate that approximates his benefit ratio, the program will be adequately financed. Rates are further varied by the inclusion in the formulas of schedules (effective at specified levels of the state fund in terms of dollar amounts), proportion of payrolls, or fund adequacy percentage.

Unlike the reserve-ratio, the benefit-ratio system is geared to short-term experience. The following table shows the number of years used for each state in determining benefit ratios.

Table 2-4: BENEFIT-RATIO FORMULA STATES

State	Years of Benefits Used	Years of Payrolls Used (Years Immediately Preceding or Ending on Computation Date, Unless Noted)	State	Years of Benefits Used	Years of Payrolls Used (Years Immediately Preceding or Ending on Computation Date, Unless Noted)
AL	Last 3 fiscal years	Last 3 fiscal years	CT	Last 3 years	Last 3 years, ending 6 months before computation date

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Table 2-4: BENEFIT-RATIO FORMULA STATES

State	Years of Benefits Used	Years of Payrolls Used (Years Immediately Preceding or Ending on Computation Date, Unless Noted)	State	Years of Benefits Used	Years of Payrolls Used (Years Immediately Preceding or Ending on Computation Date, Unless Noted)
FL	Last 3 years	Last 3 years, ending June 30th	IL	Last 3 years	Last 3 years
IA	Last 5 years	Last 5 years	MD	Last 3 years	Last 3 years
MI ¹	Last 5 years	Last 5 years	MN	Last 4 years	Last 4 years
MS	Last 3 years	Last 3 years	OR	Last 3 years	Last 3 years
PA ¹	All past years	Average 3 years	SC ²	Last 10 years	Last 10 years
TX	Last 3 years	Last 3 years	UT	Last 4 years; if 4 years not available, will use up to 1 year minimum	Last 4 years; if 4 years not available, will use up to 1 year minimum
VT	Last 3 years	Last 3 years	VA	Last 4 years	Last 4 years
WA	Last 4 years	Last 4 years	WY	Last 3 years	Last 3 years

¹ Benefit-ratio predominates. State also has a reserve ratio component.

² Beginning CY 2014, 3 years will be used. State also uses an array system.

BENEFIT-WAGE-RATIO FORMULA—The benefit-wage formula is radically different. The formula is designed to assess variable rates, which will raise the equivalent of the total amount paid out as benefits. The percentage relationship between total benefit payments and total benefit wages in the state during 3 years is determined. This ratio, known as the state experience factor, means that, on average, the workers who drew benefits received a certain amount of benefits for each dollar of benefit wages paid and the same amount of taxes per dollar of benefit wages is needed to replenish the fund. The total amount to be raised is distributed among employers in accordance with their benefit-wage ratios; the higher the ratio, the higher the rate.

Individual employers' rates are determined by multiplying the employer's experience factor by the state experience factor. The multiplication is facilitated by a table, which assigns rates that are the same as, or slightly more than, the product of the employer's benefit-wage ratio and the state factor. The range of the rates is, however, limited by a minimum and maximum. The minimum and the rounding upward of some rates tend to increase the amount that would be raised if the plan were effected without the table; the maximum, however, decreases the income from employers who would otherwise have paid higher rates.

Table 2-5: BENEFIT-WAGE-RATIO FORMULA STATES

State	Years of Benefits Used	Years of Payrolls Used (Years Immediately Preceding or Ending on Computation Date)
DE	Last 3 years	Last 3 years
OK	Last 3 years	Last 3 years

PAYROLL VARIATION PLAN—The payroll variation plan is independent of benefit payments to individual workers; neither benefits nor any benefit derivatives are used to measure unemployment. Experience with unemployment is measured by the decline in an employer's payroll from quarter to quarter. The declines are expressed as a percentage of payrolls in the preceding period, so that experience of employers with large and small payrolls may be compared. If the payroll shows no decrease or only a small percentage decrease over a given period, the employer will be eligible for the largest proportional reductions.

Alaska measures the stability of payrolls from quarter to quarter over a 3-year period; the changes reflect changes in general business activity and also seasonal or irregular declines in employment. Also, Alaska

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arrays employers according to their average quarterly decline quotients and groups them on the basis of cumulative payrolls in 20 rate classes plus a 21st class (the penalty rate).

CHARGING METHODS

Since various methods are used to identify the employer(s) who will be charged with benefits when a worker becomes unemployed and receives benefits, the laws address this issue in some detail. In the reserve-ratio and benefit-ratio states, it is the worker's benefit payments that are charged; in the benefit-wage ratio states, the benefit wages. There is no charging of benefits in the payroll-decline systems.

In most states, the maximum amount of benefits to be charged is the maximum amount for which any worker is eligible under the state law.

In states with benefit-wage-ratio formulas, the maximum amount of benefit wages charged is usually the amount of wages required for maximum annual benefits.

CHARGING MOST RECENT OR PRINCIPAL EMPLOYER—Some states charge the most recent employer on the theory that this employer has primary responsibility for the unemployment. All of the states that charge benefits to the last employer relieve the employer of these charges if only casual or short-time employment is involved. Charging the most recent base-period employer assumes that liability for benefits is inherent in wage payments.

Table 2-6: STATES THAT CHARGE MOST RECENT OR PRINCIPAL EMPLOYER			
State	Employer Specified	State	Employer Specified
GA	Most recent.	ID	ER who paid largest amount of BPW. Charges omitted if worker continues to perform services for the ER.
IL	Most recent. Charges omitted for ERs who employed individual less than 30 days, except if the earnings from the ER allow the individual to requalify following a disqualification.	KY	Most recent. Charges omitted for ERs who employed individual less than 10 weeks.
ME	Most recent. Charges omitted for ERs who employed individual less than 6 weeks.	MI	Most recent ER charged for first 2 weeks of benefits. Thereafter, BP employers charged proportionately (with respect to wages).
NV	ER who paid 75% of a individual's BPW, except if a reimbursing ER is liable.	NH	Most recent. Charges omitted for ERs who paid individual less than 12 consecutive weeks. Benefits paid following disqualifications for voluntary leaving, discharge for misconduct, and refusal of suitable work will be charged to the ER's account who furnished the employment.
NY	Most recent ER charged 7 x individual's WBA; thereafter, BP ERs charged proportionately (with respect to wages).	PR	Most recent ER charged 50% of benefits paid and the remaining 50% charged proportionately to all BP employers.
RI	Most recent BP employer.	SC	Most recent. Charges omitted for ERs who employed individual less than 8 x WBA.
VA	Most recent. Charges omitted for ERs who employed individual less than 30 days or 240 hours.		

CHARGING BASE-PERIOD EMPLOYERS IN INVERSE CHRONOLOGICAL ORDER—Some states limit charges to base-period employers but charge them in inverse order of employment. This method combines the theory that liability for benefits results from wage payments with the theory of employer responsibility for unemployment; responsibility for the unemployment is assumed to lessen with time, and the more remote the employment from the period of compensable unemployment, the less the probability of an employer being charged. A maximum limit is placed on the amount that may be charged any one employer; when the limit is reached, the next previous employer is charged. The limit is usually fixed as a fraction of the wages paid by the employer or as a specified amount in the base period or in the quarter, or as a combination of the two. Usually the limit is the same as the limit on the duration of benefits in terms of quarterly or base-period wages.

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If a worker's unemployment is short, or if the last employer in the base period employed the individual for a considerable part of the base period, charging employers in inverse chronological order gives the same results as charging the last employer in the base period. If a worker's unemployment is long, such charging gives much the same results as charging all base-period employers proportionately.

All the states that provide for charging in inverse order of employment have determined, by regulation, the order of charging in case of simultaneous employment by two or more employers.

Table 2-7: STATES THAT CHARGE BASE-PERIOD EMPLOYERS IN INVERSE CHRONOLOGICAL ORDER			
State	Inverse Order of Employment up to Amount Specified	State	Inverse Order of Employment up to Amount Specified
CO	1/3 wages up to 1/3 of 26 x current WBA	IA	In proportion to BPW
MA	36% of BPW	NE	1/3 BPW
SD	In proportion to BPW. Charges omitted for employers who paid worker less than \$100.		

CHARGING IN PROPORTION TO BASE-PERIOD WAGES—On the theory that unemployment results from general conditions of the labor market more than from a given employer's separations, the largest number of states charge benefits against all base-period employers in proportion to the wages earned by the worker with each employer. Their charging methods assume that liability for benefits is inherent in the wage payments creating the worker's eligibility. (Note that states combining this method with charging the most recent employer are listed on the "Charging Most Recent or Principal Employer" table.)

Table 2-8: STATES THAT CHARGE IN PROPORTION TO BASE-PERIOD WAGES			
State	Special Provisions	State	Special Provisions
AL	X	AZ	X
AR	X	CA	X
CT	Charges omitted for ERs who paid individual less than \$500.	DE	X
DC	X	FL	Charges omitted for ERs who paid worker less than \$100.
HI	X	IN	Law also provides for charges to BP employers in inverse order.
KS	X	LA	X
MD	Principal ER will be charged for shut downs for convenience. ERs participating in shared work will bear all charges.	MN	X
MS	X	MO	Charges omitted for ERs who employed individual less than 28 days or paid individual less than \$400.
MT	X	NJ	X
NM	X	NC	Amount charged to a BP employer's account is the benefit allocated to such ER multiplied by 120%.
ND	X	OH	X
OK	If ER recalls a laid-off or separated EE and the EE continues to be employed, or voluntarily terminates employment or is discharged for misconduct within the BY, benefit charges may be reduced by the ratio of remaining weeks of eligibility to the total weeks of entitlement.	OR	X
PA	X	TN	X
TX	X	UT	X

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Table 2-8: STATES THAT CHARGE IN PROPORTION TO BASE-PERIOD WAGES

State	Special Provisions	State	Special Provisions
VT	X	VI	X
WA	Charged to separating ER for certain quits with good cause.	WV	X
WI	Benefits are not charged to an ER constituting less than 5% of a individual's BPW.	WY	X

NONCHARGING OF BENEFITS

Many states recognize that certain benefit costs should not be charged to individual employers. This has resulted in “noncharging” provisions in practically all state laws using benefits in their formulas. In the states that charge benefits, certain benefits are omitted from charging as indicated in the following information; in the states that charge benefit wages, certain wages are not counted as benefit wages.

The postponement of charges until a certain amount of benefits has been paid results in noncharging of benefits for workers whose unemployment is very short in duration. In many states, charges are omitted when benefits are paid on the basis of an early determination in an appealed case and the determination is eventually reversed. In many states, charges are omitted in the case of benefits paid under a combined wage claim. In some states with dependents' allowances, those payments are not charged to employers' accounts.

Another type of noncharging is for benefits paid following a period of disqualification for a voluntary quit, misconduct, a refusal of suitable work, or for benefits paid following a separation for which no disqualification was imposed; e.g., because the worker had good personal cause for leaving voluntarily, or because of a job that lasted throughout the normal disqualification period and then was laid off for lack of work. The intent is to relieve the employer of charges for unemployment caused by circumstances beyond the employer's control. The provisions differ with variations in the employer to be charged and with the disqualification provisions, particularly with respect to the cancellation and reduction of benefit rights. In this summary, no attempt is made to distinguish between noncharging following a period of disqualification and noncharging where no disqualification is imposed. Most states provide for noncharging where voluntary leaving or discharge for misconduct is involved and, in some states, refusal of suitable work. A few of these states limit noncharging to cases where a worker refuses reemployment in suitable work.

The following table provides information on which benefits are excluded from charging in the states. Alaska, a payroll variation state, is excluded because benefit charges are not a factor in determining experience rates.

Table 2-9: BENEFITS EXCLUDED FROM CHARGING

State	Federal-State Extended Benefits	Benefit Award Finally Reversed	Reimbursements on Combined Wage Claims ¹	Voluntary Leaving	Discharge for Misconduct	Refusal of Suitable Work	Continues to Work for Employer on Same Part-Time Basis
AL		X		X, including quit to relocate with military-connected spouse	X		X
AZ		X	X	Limited to compelling personal reasons not attributable to employer and not warranting disqualification, and to leaving work due to mutually-agreed-upon mandatory retirement age ²	X		X

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Table 2-9: BENEFITS EXCLUDED FROM CHARGING

State	Federal-State Extended Benefits	Benefit Award Finally Reversed	Reimbursements on Combined Wage Claims ¹	Voluntary Leaving	Discharge for Misconduct	Refusal of Suitable Work	Continues to Work for Employer on Same Part-Time Basis
AR	X			X	X		X
CA		X		Limited to quit to take other job, quit to accompany spouse, and irresistible impulse to use intoxicants ²	X		X
CO		X	X	X ^{2,3}	X		
CT				X, including quit to accompany spouse due to change in location of spouse's employment	X	X	
DE		X	X	X, including quit to accompany spouse or to care for ill or disabled family member	X		X
DC				X	X		X
FL		X		X	X	Limited to refusal of reemployment	
GA		X	X	X, includes quit to follow military spouse or to accept a better job	X	Limited to refusal of reemployment in suitable work	
HI	X		X	X	X		X
ID	X	X	X	X	X		
IL			X	X, including quit to accept another job, or to accompany a spouse who has been reassigned by the military ²	X	X	X
IN			X	X	X		X
IA	X	X	X	X	X	X	
KS	X			X	X		X
KY			X	X	X		
LA		X		X, including quit from part-time or interim job to protect full-time or regular job	X	X	X
ME	X	X	X	X	X	Limited to refusal of reemployment in suitable work	X

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Table 2-9: BENEFITS EXCLUDED FROM CHARGING

State	Federal-State Extended Benefits	Benefit Award Finally Reversed	Reimbursements on Combined Wage Claims ¹	Voluntary Leaving	Discharge for Misconduct	Refusal of Suitable Work	Continues to Work for Employer on Same Part-Time Basis
MD		X		X, including quit without good cause attributable to work, to accept a better job, or to enter approved training ²	Only for gross and aggravated misconduct		X
MA		X		X ²	For individual convicted of felony or misdemeanor		
MI				X, including quit to accompany military spouse to new duty location	X		X
MN			X	X	X		
MS				X, including quit to accompany military spouse to new duty location	X	X	X
MO		X	X	X ⁴	X	X	
MT	X	X		X ²	X ²		X
NE		X	X	X, including quit to accompany spouse to spouse's new employment in a different city or new military duty station, or to accept insured work in construction industry	X		X
NV	X		X	X, including quit to accompany military spouse or to take other employment	X		
NH			X	X, including quit resulting from physician-certified inability to perform job duties due to pregnancy, illness, or non-work related injury, including quit to accompany spouse, or quit to accept better employment			X
NJ		X		X, including BY employer if worker left that job by a disqualifying separation ²	X, including BY employer if worker left that job by a disqualifying separation ²	X, including BY employer if separation due to failure to accept suitable work without good cause	

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Table 2-9: BENEFITS EXCLUDED FROM CHARGING

State	Federal-State Extended Benefits	Benefit Award Finally Reversed	Reimbursements on Combined Wage Claims ¹	Voluntary Leaving	Discharge for Misconduct	Refusal of Suitable Work	Continues to Work for Employer on Same Part-Time Basis
NM	X	X		X, including quit to accompany military spouse or to take other employment ²	X ²		
NY	X			X	X		X
NC		X		X, including quit to accompany military spouse or to take other employment	X		X
ND		X		X, including quit directly attributable to sexual assault ²	X		
OH		X	X	X, including quit from interim or part-time job to protect full-time job	X	X, only if due to participation in approved training	X
OK		X		X, including quit due to compelling family circumstances ²	X		X
OR	X	X	X	X	X		X
PA		X		X	X		X
PR	X						
RI		X		X	X		
SC	X	X		X ²	X ²	X, limited to refusal of reemployment in suitable work	
SD	X	X		X, including quit to accompany military spouse	X		
TN		X		X, including quit to accompany military spouse	X		X
TX		X		X ²	X ²		
UT	X	X	X	X, including quit to accompany military spouse	X		X
VT			X	X	X	X	X
VA			X	X ⁵	Separation due to violation of law leading to jail time	Refusal of rehire due to participation in approved training	
VI							
WA	X	X		X ²	X		X
WV		X		X, including quit to relocate with military spouse	X		

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Table 2-9: BENEFITS EXCLUDED FROM CHARGING

State	Federal-State Extended Benefits	Benefit Award Finally Reversed	Reimbursements on Combined Wage Claims ¹	Voluntary Leaving	Discharge for Misconduct	Refusal of Suitable Work	Continues to Work for Employer on Same Part-Time Basis
WI		X		X, including quit due to illness, disability, or to accompany spouse ²			
WY	X	X		X, including quit to follow military spouse ²	X		X

¹ Most states limit noncharging to specific situations such as benefits paid in excess of amount payable under state law or if individual would have been ineligible using only the in-state wages.

² Includes separations due to domestic violence.

³ If quit one construction job to take a better construction job when conditions of law are met. Also, does not charge employer if individual separates due to compelling family reasons, or to relocate to a new residence from which it is impractical to commute due to death of military spouse who was an active duty member of the US. Armed Forces, stationed in Colorado, and who was killed in combat.

⁴ For individual leaving to accept more remunerative job or who quit unsuitable work within 28 days.

⁵ For quit to accept other employment, to enter approved training, because of a non-job related injury or medical condition, or required in work release programs as a condition of release/parole. Also for quit to accompany active duty military spouse to new assignment if relocation is due to permanent change of station order, new location is not readily accessible from individual's place of employment, and spouse's new duty assignment is located in a state that does not consider a person accompanying a military spouse to be leaving work voluntarily without good cause.

Four states (Arkansas, Colorado, Maine, and North Carolina) have special provisions or regulations for identifying the employer to be charged in the case of benefits paid to seasonal workers. In general, seasonal employers are charged only with benefits paid for unemployment occurring during the season, and nonseasonal employers with benefits paid for unemployment at other times. In Maine, the individual must also have seasonal base-period wages for the seasonal employer to be charged benefits during the season.

Several states noncharge benefits for reasons other than those listed in Table 2-9, or in addition to those reasons listed in Table 2-9. For example, some states noncharge benefits paid to individuals who:

- Were unable to work due to a disaster;
- Quit for personal reasons such as lack of adequate child care, to relocate with a military spouse, or to care for a sick or disabled family member;
- Were in training with the approval of the UI agency;
- Were laid off when a permanent individual who was called to military duty returned and claimed his/her job; or
- Were laid off when the employer was called to active military duty.

Federal law prohibits states from relieving an employer of benefit charges if the employer's (or its agent's) failure to respond timely and adequately has resulted in an inappropriate payment and if the employer (or agent) has established a pattern of failing to respond for information. However, states are permitted to charge an employer for fault after the first instance of failure to respond timely or adequately to requests for information related to a UC claim.

TAXES PAYABLE TO UNEMPLOYMENT FUND

The requirements for rate assignments vary greatly among the states. Each state law incorporates at least the Federal requirements for assigning reduced rates. Many states require that all necessary contribution reports must have been filed and all contributions due must have been paid.

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Taxes not paid into the state’s unemployment fund are listed later in this chapter under the heading “Additional Taxes.”

RATES AND RATE SCHEDULES—Schedules are used to convert the results of the formula used (that is, the reserve-ratio, benefit-ratio, benefit-wage-ratio or payroll variation) into a tax rate. In a few benefit ratio states, the benefit ratio is itself the employer’s rate. Several states use an “array” system where employers are annually ranked against each other, rather than through a schedule using predetermined experience levels. Rate classes in array systems are determined by segregating wages paid by all state employers. For example, the highest rate class will consist of employers with the highest costs. A new rate class will be triggered when employers in the highest class represent a certain percentage of the wages paid under state law. The following states use array systems: Alaska, Idaho, Iowa, Kansas, Maine, Montana, Nebraska, North Dakota, Oregon, South Carolina, and Vermont.

MINIMUM AND MAXIMUM RATES—Tax rates depend on the state’s fund balance and other factors in state law. In most states, low balances trigger schedules with higher rates and higher balances trigger schedules with lower rates.

Note: The following table indicates the range of base contribution rates provided for in state law. It **does not** indicate what rates are in effect for the current year. For that information, the appropriate state UI agency should be contacted.

In some states, state law establishes an overall contribution rate that is the sum of various components (basic contribution rate, a solvency rate, social cost add-on, and adjustments for other purposes). Components that are treated by state law as distinctly separate are listed in Table 2-11.

Table 2-10: FUND REQUIREMENTS AND RANGE OF RATES						
State	Most Favorable Schedule			Least Favorable Schedule		
	When Fund Balance	Range of Rates		When Fund Balance	Range of Rates	
		Minimum	Maximum		Minimum	Maximum
AL	≥125% of desired level	0.14%	5.4%	<70% of desired level	0.59%	6.74%
AK	Law authorizes agency to set rates	≥1%	≥5.4%	Law authorizes agency to set rates	≥1%	≥5.4%
AZ	≥12% of taxable payrolls	0.02%	5.4%	<3% of taxable payrolls	0.02%	≥5.4%
AR ¹	Based on reserve ratio	0.0%	6.0%	Based on reserve ratio	0.9%	6.0%
CA	>1.8% of taxable payrolls	0.1%	5.4%	<0.6% of taxable payrolls	1.5%	6.2%
CO	Fund reserve ≥1.4	0.51%	6.28%	Fund reserve <0.0	0.75%	10.39%
CT	Based on benefit ratio	0.5%	5.4%	Based on benefit ratio	0.5%	5.4%
DE	Dependent upon the state experience factor	0.1%	8.0%	Dependent upon the state experience factor	0.1%	8.0%
DC	>3.0% of payrolls	0.1%	5.4%	<0.8% of payrolls	1.9%	7.4%
FL	Current adjusted benefit ratio	0.1%	5.4%	Current adjusted benefit ratio	0.1%	5.4%
GA	State-wide reserve ratio of ≥2.7%	0.0125%	5.4%	State-wide reserve ratio of <1.25%	0.0375%	8.1%
HI	Ratio of the current reserve fund to the adequate reserve fund is >1.69	0.0%	5.4%	Ratio of the current reserve fund to the adequate reserve fund is <0.2	2.4%	6.6%
ID	State calculated average high cost multiple	0.18%	5.4%	State calculated average high cost multiple	0.96%	6.8%

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Table 2-10: FUND REQUIREMENTS AND RANGE OF RATES

State	Most Favorable Schedule			Least Favorable Schedule		
	When Fund Balance	Range of Rates		When Fund Balance	Range of Rates	
		Minimum	Maximum		Minimum	Maximum
IL	Dependent upon the adjusted state experience factor	0.0%	The greater of 6.4% or the product of 6.4% and the adjusted state experience factor, except "small" employers capped at 5.4%	Dependent upon the adjusted state experience factor	0.0%	The greater of 6.4% or the product of 6.4% and the adjusted state experience factor, except "small" employers capped at 5.4%
IN	≥1.6% of payrolls	0.0%	5.4%	<0.2% of payrolls	0.75%	10.2%
IA	Current reserve fund ratio/highest benefit cost ratio ≥1.3	0.0%	7.0%	Current reserve fund ratio/ highest benefit cost ratio <0.3	0.0%	9.0%
KS	Dependent upon state adjustment factor	0.0%	9.4%	Dependent upon state adjustment factor	Not specified	9.4%
KY	>1.18% of payrolls	0.3%	9.0%	<\$150 million	1.0%	10.0%
LA	>\$1.4 billion	0.081%	5.4%	<\$750 million	0.09%	6.0%
ME	Reserve multiple of >1.58	Varies	>5.4%	Reserve multiple of <0.25	Varies	>5.4%
MD	>5% of taxable payrolls	0.30%	7.5%	≤3.0% of taxable payrolls	2.2%	13.5%
MA	≥1.75% of taxable payrolls	0.8%	7.8%	<0.5% of taxable payrolls	1.58%	15.4%
MI	Based on benefit ratio	0.0%	6.3%	Based on benefit ratio	0.0%	6.3%
MN	≥0.75% of payrolls	0.1%	9.0%	<0.55% of payrolls	0.4%	9.3%
MS	Depends on statutory variables that comprise the general experience rate	0.2%	5.4%	Depends on statutory variables that comprise the general experience rate	0.2%	5.4%
MO ²	>\$750 million	0.0%	5.4%	<\$350 million	0.0%	7.8%
MT	≥2.6% of payrolls	0.0%	6.12%	<0.25% of payrolls	1.62%	6.12%
NE	No requirements for fund balance in law	0.0%	≥5.4%	No requirements for fund balance in law	Not specified	≥5.4%
NV	Rates set by agency in accordance with authorization in law	0.25%	5.4%	Rates set by agency in accordance with authorization in law	0.25%	5.4%
NH	≥\$300 million	0.1%	6.5%	<\$250 million	0.1%	8.5%
NJ	≥1.4% of taxable wages	0.3%	5.4%	≤ 0.49% of taxable wages	1.2%	7.0%
NM	≥2.3% of payrolls	0.03%	5.4%	<0.3% of payrolls	2.7%	5.4%
NY	≥5% of payrolls	0.0%	5.9%	<0% of payrolls	1.5%	8.9%
NC	>1.25% of payrolls	0.06%	5.76%	<1.0% of payrolls	0.06%	5.76%
ND	Rates set by agency in accordance with authorization in law	0.01%	≥5.4%	Rates set by agency in accordance with authorization in law	0.01%	≥5.4%
OH	≥30% above minimum safe level	0.0%	6.3%	≤60% below minimum safe level	≥0.3%	≥6.7%
OK	≥3.5 x 5-year average of benefits	0.1%	5.5%	<2 x 5-year average of benefits	0.3%	9.2%

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Table 2-10: FUND REQUIREMENTS AND RANGE OF RATES

State	Most Favorable Schedule			Least Favorable Schedule		
	When Fund Balance	Range of Rates		When Fund Balance	Range of Rates	
		Minimum	Maximum		Minimum	Maximum
OR	≥200% of cumulative taxable payroll limit	0.5%	5.4%	<100% of cumulative taxable payroll limit	2.2%	5.4%
PA	Law authorizes agency to set rates	0.0%	7.7%	Law authorizes agency to set rates	0.0%	7.7%
PR	>\$589 million	1.0%	5.4%	<\$370 million	2.5%	5.4%
RI	≥6.4% of payrolls	0.6%	7.0%	<2.75% of payrolls	1.9%	10.0%
SC	Based on benefit ratio	0.0%	≥5.4%	Based on benefit ratio	0.00%	≥5.4%
SD	Based on reserve ratio	0.0%	9.5%	Based on reserve ratio	0.0%	9.5%
TN	≥\$850 million	0.01%	10.0%	<\$450 million	0.5%	10.0%
TX	Based on benefit ratio	0.0%	6.0%	Based on benefit ratio	0.0%	6.0%
UT	Based on reserve factor calculation	0.0%	7.0%	Based on reserve factor calculation	0.0%	7.0%
VT	≥2.5 x highest benefit cost rate	0.4%	5.4%	<1.0 x highest benefit cost rate	1.3%	8.4%
VA	Fund balance factor is ≥120%	0.0%	5.4%	Fund balance factor is ≤50%	0.1%	6.2%
VI	Based on reserve ratio	0.0%	6.0%	Based on reserve ratio	0.0%	6.0%
WA	Based on benefit ratio	0.0%	5.4%	Based on benefit ratio	0.0%	5.4%
WV	≥3.0% of gross covered wages	0.0%	8.5%	<1.75% of gross covered wages	1.5%	8.5%
WI	≥\$1.2 billion	0.0%	8.5%	<\$300 million	0.07%	8.5%
WY	Based on benefit ratio	0.0%	8.5%	Based on benefit ratio	0.0%	8.5%

GENERAL NOTE: Table 2-10 incorporates the various methods of determining the minimum and maximum rates under the least and most favorable circumstances. The rates above reflect only those tax rate ranges for contributions to be deposited into the Unemployment Trust Fund.

¹ The rates shown above do not include the additional contribution assessments (applicable to certain maximum rated deficit employers) of up to an additional 8.0%.

² The maximum rates do not include the surcharge (applicable to certain maximum rated deficit employers) of up to 1.5%.

LIMITATION ON RATE INCREASES—Wisconsin prevents sudden increases of rates for individual employers by limiting an employer’s rate increase in any year to no more than 2 percent higher than the previous rate. In Oklahoma, for employers with rates of 3.4 percent or more, the limitation on the rate increase is 2 percent in any year. For employers with rates below 3.4 percent, their rate may not be increased to more than 5.4 percent in any year.

ADJUSTMENTS—The previous table does not include taxes that are treated by state law as distinctly separate from the employer’s contribution rate.

These adjustments may be in the form of a direct modification of the employer’s tax rate (for example, by adding or subtracting 0.1 percent to the employer’s tax rate) or by taking these costs into account when calculating the employer’s experience rate (for example, charging a prorated portion of socialized costs to the employer’s account in a reserve-ratio state). Reimbursing employers are exempted from solvency adjustments since they already reimburse the state’s unemployment fund for 100 percent of their benefit costs. Note that, depending upon the solvency of a state’s fund and other factors in state law, not all of the following adjustments are levied in a given year.

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Table 2-11: SURCHARGES, SURTAXES, AND ADJUSTMENTS

State	Name	Amount	Purpose
AL	Shared Cost Assessment ¹	Varies	Social Cost
AK	Solvency Adjustment Surcharge ¹	-0.4% - 1.1%	Solvency
AR	Extended Benefit Tax	When in effect, 0.1%	Extended Benefits
	Stabilization Tax	-0.1% - 0.8%	Solvency
CO	Solvency Surcharge	Varies	Solvency
CT	Fund Balance Tax Rate	Up to 1.4%	Solvency
DE	Supplemental Assessment Rate	0.2%	Solvency
IL	Fund Building Factor	Up to 0.55%	Solvency
LA	Social Charge Tax	Varies ²	Social Cost
	Solvency Tax	Up to 30% of contributions due	Solvency
MA	Secondary Adjustment	When in effect, from 0.3% - 0.9%	Solvency
MI	Account Building Component	0.0% - 3.0%	Solvency
	Nonchargeable Benefit Component	0.0% - 1.0%	Social Cost
MN	Additional Assessment Rate	0.0% - 14.0%	Solvency
	Falling Funds Adjustment	When in effect, 0.1%	Solvency
NH	Emergency Surcharge	When in effect, 0.5%	Solvency
	Emergency Power Surcharge	When in effect, 0.5%	Solvency
NJ	Solvency Addition	When in effect, 10% of rate	Solvency
NY	Subsidiary Contribution	When in effect, 0.525% - 0.925%	Solvency
NC	Solvency Surtax	20% of tax liability	Solvency
OH	Mutualized Contributions	When in effect, up to 0.5%	Social Cost
OK	Temporary Surcharge	When in effect, up to 33 $\frac{1}{3}$ %	Solvency
PA	State Adjustment Factor ¹	1.0%	Social Cost
	Solvency Measures ¹	Surcharge adjustment of 5.1% and additional contributions of 0.65%	Solvency
SD	Adjustment Percentage	When in effect, 0.1% - 1.5% ³	Solvency
TX	Replenishment Rate	Varies	Social Cost
	Deficit Assessment	When in effect, up to 2.0%	Solvency
	Surplus Credit Rate	When in effect, the rate varies	Solvency
UT	Social Tax Rate	Varies	Social Cost
VA	Fund Balance Factor	When in effect, 0.2%	Solvency
	Pool Cost Charge Rate	Varies	Social Cost
WA	Social Cost Factor	Varies	Social Cost
	Solvency Surcharge	When in effect, up to 0.2%	Solvency
WI	Solvency Rate	0.0% - 1.9%	Solvency
WY	Adjustment Factor	Up to 1.5%	Social Cost & Solvency

GENERAL NOTE: Social cost recoupments are generally payable each year. Solvency adjustments are triggered by fund balances.

¹ Excludes new employers.

² The social charge rate is calculated to the nearest 0.01% and may not raise an employer's total rate above 6.2%.

³ The adjustment percentage may not raise the contribution rate above 10.5%.

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COMPUTATION, FUND TRIGGER, EFFECTIVE DATES, AND NEW EMPLOYERS—The computation date is the end of the period used to determine the employer’s experience. For example, a benefit-ratio state may compute an employer’s experience rate using the benefits paid in the 3 years immediately preceding the computation date. If a new or newly-covered employer has accrued sufficient experience as required under state law as of the computation date, the employer will henceforth be assigned a rate based on experience. Under FUTA, experience rates must be effective within 27 weeks of the computation date.

The fund trigger date is the date the fund’s balance is determined for purposes of determining which rate schedule is used for the following tax year.

All state laws contain provisions describing the treatment of employers who are not eligible for experience rates. To conform to Federal law, all states assign employers with 3 years of experience a rate based on experience. Federal law allows states to reduce the experience period to no less than one year before assigning rates based on experience, and allows states to assign new employer rates on a “reasonable basis,” but not less than 1 percent. Typically, states assign either a flat rate to all new employers or a rate based on the new employer’s industry type. In some states, these two methods are combined. Most new employers receive a flat rate, while some high-cost industries, such as construction, receive the higher industry rate. In some cases, the flat rate varies from year to year, depending on such factors as the fund balance.

Table 2-12: COMPUTATION, FUND TRIGGER, EFFECTIVE DATES, AND NEW EMPLOYERS					
State	Computation Date	Fund Trigger Date	Effective Date for New Rates	Years Needed to Qualify for Experience Rating ¹	Reduced Rate for New Employers ²
AL	June 30	Sept. 30	Jan. 1	1	2.7%
AK	June 30	Sept. 30	Jan. 1	1 ¹	1.96%
AZ	July 1	July 31	Jan. 1	1	2.0%
AR	June 30	June 30	Jan. 1	3	2.9% ³
CA	June 30	Sept. 30	Jan. 1	1	3.4%
CO	July 1	July 1	Jan. 1	1	Greater of 1.7%, actual rate, or, for construction industry, average industry rate
CT	June 30	June 30	Jan. 1	1 ¹	4.2%
DE	Oct. 1	Sept. 30	Jan. 1	2	2.1%
DC	June 30	Sept. 30	Jan. 1	3	2.7% or average rate for all ERs if higher
FL	June 30	June 30	Jan. 1	2 ½	2.7%
GA	June 30	June 30	Jan. 1	3	2.62% ⁹
HI	Dec. 31	Nov. 30	Jan. 1	1	4.0%
ID	June 30	Sept. 30	Jan. 1	1	3.36%
IL	June 30	June 30	Jan. 1	3 ¹	4.35% or average industry rate if greater
IN	June 30	Sept. 30	Jan. 1	3 ¹	2.5%; 1.6% for government employers
IA	July 1	July 1	Jan. 1	3	1.5%; construction ERs receive 9.0%
KS	June 30	June 30	Jan. 1	2	2.7%; construction ERs receive 6.0%
KY	July 31	Sept. 30	Jan. 1	3	2.7%; foreign and domestic construction firms receive maximum rate
LA	June 30	Sept. 1	Jan. 1	3	Up to 6.2% based on average industry rate

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Table 2-12: COMPUTATION, FUND TRIGGER, EFFECTIVE DATES, AND NEW EMPLOYERS

State	Computation Date	Fund Trigger Date	Effective Date for New Rates	Years Needed to Qualify for Experience Rating ¹	Reduced Rate for New Employers ²
ME	June 30	Sept. 30	Jan. 1	2	Greater of predetermined yield or 1%
MD	July 1	Sept. 30	Jan. 1	2	2.6%; foreign contractors assigned average industry rate
MA	Sept. 30	Sept. 30	Jan. 1	1	2.83%; construction ERs receive 8.62%
MI	June 30	June 30	Jan. 1	2 ⁴	2.7%; construction ERs receive average industry rate
MN	June 30	March 31	Jan. 1	1	3.03% ; 9.40% for high experienced rated industries
MS	June 30	Nov. 1	Jan. 1	1	1.0% - 1.2% depending on years of liability
MO	June 30	Oct 1 ⁵	Jan. 1	1	1.30% for nonprofit; greater of 3.51% or rate assigned to ER's industrial classification
MT	Sept. 30	Oct. 31	Jan. 1	3	Ranges from 1.7% - 4.10% based on average industry rate
NE	Dec. 31	May 31 ⁵	Jan. 1	1 ¹	2.49%; construction ERs receive 6.49%
NV	June 30	June 30	Jan. 1	2½	2.95%
NH	Jan. 31	Jan. 31 ⁵	July 1	1	3.7% ¹⁰
NJ	Dec. 31	March 31	July 1	3	3.4%
NM	June 30	June 30	Jan. 1	3	2.0%
NY	Dec. 31	Dec. 31	Jan. 1	1	Highest rate assigned to ERs with positive account balances or 3.4%, whichever is less
NC	Aug. 1	July 31	Jan. 1	2	1.2%
ND	Sept. 30	Sept. 30	Jan. 1	3	1.25%; except construction ERs pay industry average rate
OH	July 1	July 1	Jan. 1	1	2.7%, except construction ERs pay industry average rate
OK	July 31	Dec. 31 ⁶	Jan. 1	1	2.0%
OR	June 30	Aug. 31	Jan. 1	1	3.3%
PA	June 30	June 30	Jan. 1	1½ ¹	3.6785%; construction employers pay 10.1947%
PR	June 30	Dec. 31	Jan. 1	1	2.7% - 3.4% depending upon the tax schedule in effect
RI	Sept. 30	Sept. 30	Jan. 1	3	Higher of 1.0% or the 5-year benefit cost rate for non-ratable ERs up to a max. of 4.2%
SC	July 1	June 30 ⁵	Jan. 1	1 ¹	Rate applicable to rate class 12
SD	June 30	June 30	Jan. 1	2	1.2% for first year; 1.0% for second if positive balance
TN	Dec. 31	Dec. 31 ⁵	July 1	3	2.7%, except average industry rate when industry reserve ratio is 0.0% or less
TX	Oct. 1 ⁷	Oct. 1	Jan. 1 ⁷	1	Greater of 2.7% or industry rate
UT	July 1	June 30	Jan. 1	1	Average industry rate up to 9.5%
VT	Dec. 31	Dec. 31	July 1	1	Lower of average industry rate or rate class eleven, but not less than 1% ⁸
VA	June 30	June 30	Jan. 1	1	2.52%

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Table 2-12: COMPUTATION, FUND TRIGGER, EFFECTIVE DATES, AND NEW EMPLOYERS

State	Computation Date	Fund Trigger Date	Effective Date for New Rates	Years Needed to Qualify for Experience Rating ¹	Reduced Rate for New Employers ²
VI	Dec. 31	June 30	Jan. 1	3	1.0%
WA	July 1	Sept. 30	Jan. 1	2 ¹	90, 100, or 115% of industry average rate depending upon benefits charged and taxes collected from new employers during the previous three years
WV	June 30	Jan. 1	Jan. 1	3	2.7%, construction and foreign entities pay 7.5%
WI	June 30	Sept. 30	Jan. 1	1½	3.60% or 4.10%; except construction ERs pay 7.10%
WY	June 30	Oct. 31	Jan. 1	3	Average industry rate

¹ Period shown is period throughout which employer's account was chargeable or during which payroll declines were measurable. AK, CT, IN, and WA: in states noted, requirements for experience rating are stated in the law in terms of subjectivity; IL and PA: in which contributions are payable; NE: in addition to the specified period of chargeability, contributions payable in the 2 preceding CYs; SC: coverage.

² When rate varies, it must be no less than 1%.

³ New employers who have been experience rated in another state are given the option of using their previous experience or the new employer rate. The new employer rate must be at least 1.0% plus the stabilization tax rate in effect.

⁴ An employer's rate will not include a nonchargeable benefits component for the first 4 years of subjectivity.

⁵ MO uses a calculation based on the average balance of the 4 CQs. In NE, May 30 is the last day the administrator decides the next year's tax rate based on quarterly trust fund balances of preceding year. NH can also use quarterly trust fund levels to activate quarterly changes in tax rates. TN can also use June 30 trust fund balance to activate a 6-month tax schedule.

⁶ In some circumstances, the trust fund trigger date can be July 1.

⁷ For newly qualified employers, computation date is end of quarter in which employer meets experience requirements and effective date is immediately following quarter.

⁸ Exception: Foreign corporations classified in 236, 237, or 238 North American Industry Classification System code shall pay the average rate as of most recent computation date paid by all employers so classified.

⁹ Beginning January 1, 2017, newly covered employers will pay contributions at a rate of 2.7% of wages paid by such employer with respect to employment during each calendar year until the employer is eligible for a rate calculation based on experience.

¹⁰ Includes 1% surcharge.

RATE REDUCTION THROUGH VOLUNTARY CONTRIBUTIONS—In about half of the states employers may obtain lower rates by making voluntary contributions. In reserve ratio states, a voluntary contribution increases the balance in the employer's reserve so that a lower rate is assigned that will save more than the amount of the voluntary contribution. In benefit-ratio states, an employer pays voluntary contributions to cancel benefit charges to its account, thereby reducing its benefit ratio.

Table 2-13: STATES PERMITTING RATE REDUCTION THROUGH VOLUNTARY CONTRIBUTIONS

State	Due Date ¹	Additional Information ²
AZ	On or before January 31	No additional information
AR	On or before March 31	Not permitted if rate increased because of knowingly violating/attempting to violate state law regarding transfers of experience and assignment of rates
CA	By last working day in March in CY to which reduced rate would apply	Cannot reduce by more than 3 rates; ER must not have negative account balance or not have any unpaid amounts owed; not allowed for any year in which schedule E or F or emergency solvency surcharge in effect
CO	Before March 15	No additional information
GA	Within 30 days following the date upon which a notice is mailed	No additional information
IN	Within 30 days of receipt of rate notice	No additional information

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Table 2-13: STATES PERMITTING RATE REDUCTION THROUGH VOLUNTARY CONTRIBUTIONS

State	Due Date ¹	Additional Information ²
KS	Within 30 days of mailing of rate notice	No rate may be reduced more than five rate groups for positive balance ERs; negative balance ERs may have their rates reduced to the highest five rates for positive balance ERs
KY	Within 20 days following mailing of rate notice	No additional information
LA	Within 30 days of mailing of notice of benefits charged to ER's experience rating account	May not be permitted if solvency tax, advance interest tax, or special assessment to finance bonds used to prepay Federal loan is assessed
ME	Within 30 days of mailing of rate notice; Can be extended for 10 days for good cause	No additional information
MA	No later than 30 days after date of issuance of notice of ER's contribution rate	ER must be assigned contribution rate, file all required reports, and pay all contributions, interest, penalties due
MI	Within 30 days of mailing of notice of adjusted contribution rate	No additional information
MN	Within 120 days of January 1	Contribute up to amount of benefits charged to account during period ending June 30 of preceding year plus 25% surcharge; not refundable unless request made in writing within 30 days of mailing of notice of new tax rate; must not be delinquent in any amount
MO	On or before following January 15	ER must be eligible for experience rate and must include signed written statement identifying it as voluntary payment
NE	Before January 10	Limited to amount likely to reduce one rate category
NJ	Within 30 days of mailing of ER's rate notice. May be extended 60 days for good cause; if contribution not made within extended period, ER becomes subject to a penalty of 5% or \$5.00, whichever is greater, up to \$50.00	If ER transfers all/part of business to a successor in interest and both parties at time of transfer are under common ownership or control, neither may make voluntary contributions in year of transfer and the following year
NM	On or before March 1	No additional information
NY	On or before April 1	No additional information
NC	Within 30 days of mailing of rate notice	No additional information
ND	Within 4 months of beginning of year	No additional information
OH	By December 31 following computation date	No additional information
PA	Within 30 days of mailing of rate notice, can extend for good cause	No additional information
SD	Before February 1	No additional information
TX	No later than 60 days after mailing date of rate notice; may extend an additional 15 days; if payment insufficient to cause decrease in ER's rate, Commission will notify ER and grant an extension, not to exceed total of 75 days	No additional information
WA	By February 15	May contribute part or all of benefit charges from most recent 2 years ending June 30; only eligible if tax rate increased at least 12 rate classes from prior tax rate year
WV	Within 30 days of mailing of rate notice	No additional information
WI	During November or, if mailed, either postmarked by November 30 or received no later than 3 days following that date; under certain circumstances, can pay up to 120 days after beginning of CY	Can only lower one rate unless catastrophic event; not available if ER has outstanding tax liabilities; not available for 5 years for certain ERs whose benefit charges exceed their contributions

¹ Federal law requires that voluntary contributions must be made "prior to the expiration of 120 days after the beginning of the rate year" (Section 3303(d), FUTA). This column contains additional state limitations for the voluntary contribution to affect the applicable rate year.

² Since Federal law limits refunds to erroneous payments, if a voluntary contribution does not lead to a reduced rate or if an employer changes its mind, no refund can be made.

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TRANSFER OF EMPLOYERS' EXPERIENCE

Because of Federal requirements, no rate can be granted based on experience unless the state has at least a one-year record of the employer's experience with the factors used to measure unemployment. Without such a record, there would be no basis for a rate determination. For this reason, all state laws specify the conditions under which the experience record of a predecessor employer may be transferred to an employer who, through purchase or otherwise, acquires the predecessor's business. In some states, the authorization for transfer of the record is limited to total transfers; i.e., the record may be transferred only if a single successor employer acquires the predecessor's organization, trade, or business, and substantially all of its assets. In other states, the provisions authorize partial as well as total transfers; in these states, if only a portion of a business is acquired by any one successor, that part of the predecessor's record pertaining to the acquired portion of the business may be transferred to the successor.

In most states, the transfer of the record in cases of total transfer automatically follows whenever all or substantially all of a business is transferred. In the remaining states, the transfer is not made unless the employers concerned request it.

Under most laws, transfers are made whether the acquisition is the result of reorganization, purchase, inheritance, receivership, or any other cause. Delaware, however, permits transfer of the experience record to a successor only when there is substantial continuity of ownership and management.

Some states condition the transfer of the record on what happens to the business after it is acquired by the successor. For example, in some states there can be no transfer if the enterprise acquired is not continued; in 3 of these states (California, the District of Columbia, and Wisconsin) the successor must employ substantially the same workers. In 22 states¹, successor employers must assume liability for the predecessor's unpaid contributions, although in the District of Columbia, Massachusetts, and Wisconsin successor employers are only secondarily liable.

Most states establish by statute or regulation the rate to be assigned to the successor employer from the date of the transfer to the end of the rate year in which the transfer occurs. The rate assignments vary with the status of the successor employer prior to the acquisition of the predecessor's business. Over half of the states provide that an employer who has a rate based on experience with unemployment shall continue to pay that rate for the remainder of the rate year; the others provide that a new rate be assigned based on the employer's own record combined with the acquired record.

To address concerns regarding employers who avoid liability for UI benefits charged to their accounts through the manipulation of payrolls, Congress enacted the SUTA Dumping Prevention Act of 2004 ("SUTA" refers to state unemployment tax acts). This Act required state UI laws to provide for:

- mandatory transfers of experience when there is substantial commonality of ownership, management, or control at the time of acquisition of trade or business; and
- no transfers of experience when the acquiring party is not otherwise an employer at the time of acquisition and when the state agency finds that acquiring the business was solely or primarily for the purposes of obtaining a lower rate of contributions.

In all other situations, it is left to the states to determine the circumstances under which experience may be transferred.

¹ AZ, AR, CA, DC, GA, ID, IL, IN, KY, ME, MA, MI, MN, MO, NE, NH, NM, OH, OK, SC, WV, and WI.

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The following table provides information on state UI law provisions about these other situations:

Table 2-14: TRANSFER OF EXPERIENCE FOR EMPLOYER RATES							
State	Total Transfers		Partial Transfers		Enterprise Must Be Continued	Rate for Successor Who Was an Employer Prior to Acquisition for Remainder of Rate Year	
	Mandatory	Optional	Mandatory	Optional		Previous Rate	Experience Combined
AL	X			X			X
AK	X					X	
AZ	X			X	X	X	
AR	X			X	X	X	
CA		X		X	X		X
CO	X			X	X	X	
CT	By agency interpretation		By agency interpretation			By agency interpretation	
DE	Only if there is substantial continuity of ownership and management		Only if there is substantial continuity of ownership and management		X		X
DC ¹	X				X	X	
FL		X		X	X		X
GA	X		If predecessor and successor were owned or controlled by same interest	X	X		X
HI		X				X	
ID	Only if predecessor had a deficit as of last computation date and management or ownership is substantially the same ²		X ²	Only if predecessor had a deficit as of last computation date and management or ownership is substantially the same	X		X
IL	X			X		X	
IN	X			X		X	
IA	X		X		X		X
KS	X			X	X	X	
KY	X		X			X	

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Table 2-14: TRANSFER OF EXPERIENCE FOR EMPLOYER RATES

State	Total Transfers		Partial Transfers		Enterprise Must Be Continued	Rate for Successor Who Was an Employer Prior to Acquisition for Remainder of Rate Year	
	Mandatory	Optional	Mandatory	Optional		Previous Rate	Experience Combined
LA	X		X			X	
ME ³	X					X	
MD	X			Limited to firms formerly located in another state	X	X	X
MA	X				X	X	
MI	X			X		X	
MN	X		X				X
MS	X			X	X	X	
MO	X		Limited to acquisitions of all or substantially all of business		X		X
MT	X ⁴		X ⁴				X
NE	X		X				X
NV		X		X			X
NH	X			X	X	X	
NJ	X		If predecessor and successor were owned or controlled by same interest	If predecessor and successor were not owned or controlled by same interest	X	Limited to total transfers only	
NM	X			X	X	X	
NY	X		X		X		X
NC ⁵	X			X		X	
ND ¹		X		X		X	
OH	X		If predecessor and successor were owned or controlled by same interest	If predecessor and successor were not owned or controlled by same interest	X	X	
OK	X			X	X		X
OR	X		X		X	X ⁶	X ⁶

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Table 2-14: TRANSFER OF EXPERIENCE FOR EMPLOYER RATES

State	Total Transfers		Partial Transfers		Enterprise Must Be Continued	Rate for Successor Who Was an Employer Prior to Acquisition for Remainder of Rate Year	
	Mandatory	Optional	Mandatory	Optional		Previous Rate	Experience Combined
PA	Except as noted in next column	If predecessor and successor were not owned or controlled by same interest	Except as noted in next column	If predecessor and successor were not owned or controlled by same interest	X	X	
PR	X					X	
RI	X		X			X	
SC	X ⁷		X ⁷	X	X		X
SD	Except as noted in next column	If ownership of both entities is not substantially the same				X	
TN	X		X		X	X	
TX	X			X	X	X	
UT	X		X				X
VI	X		X			X	
VT	X				X		X
VA	X		X			X	
WA	X		X				X
WV	X		Limited to acquisitions of substantially all of a business			X	
WI	X		X		X		X
WY	X						X

¹ In DC, if total wages allocable to transferred property are less than 25% of predecessor's total; and in ND, transfer may be denied if good cause shown that transfer would be inequitable.

² If management, ownership, or control is substantially the same for the successor as for the predecessor and there is a continuity of the business activity by the successor.

³ Any business purchased free and clear of liens through bankruptcy will receive the state average contribution rate, if contribution rate for the predecessor business is greater than the state average; otherwise, the successor business assumes the predecessor's experience.

⁴ Except if ownership, management, or control of both entities is not substantially the same, in which case the transfer is optional.

⁵ No transfer when assets of predecessor are acquired in a sale in bankruptcy, unless successor employing unit shares common ownership with predecessor.

⁶ The rate is dependent upon the date of transfer.

⁷ If the predecessor's experience rated account has a debit balance and when there is an acquisition or change in the form or organization of an existing business enterprise, or severable portion thereof, and there is continuity of control of the business enterprise.

FINANCING ADDITIONAL TAXES

This section discusses various payroll taxes that are not deposited in the state’s unemployment fund. In general, it is limited to those taxes where state law contains a current taxing authority; taxes that by statute could be assessed only for a temporary period in the past are not included. Reserve funds where the taxing authority has expired are, however, listed when the reserve fund continues to exist. As will be noted from the following tables, not all states have additional taxes and not all of these apply to all employers.

Loan and Interest Repayment Taxes — Some states have the authority to float bonds to pay benefit costs, thereby avoiding the need to obtain Federal loans. In these states, special taxes may be assessed to pay off the bond as well as any costs associated with the bond. Since interest must be paid on Federal advances and since interest may not be paid from the state’s unemployment fund, several states have established special taxes to pay the costs of this interest.

Table 2-15: STATES WITH LOAN AND INTEREST REPAYMENT TAXES

State	Tax	Amount ¹	When Payable	Specific Purposes
AL	Additional rate	Rate determined based on amount due ²	By May 15 th following year interest becomes due	Pay interest on Federal advances
AZ	Special Assessment	0.5%	Quarterly	Pay principal and interest
AR	Advance interest tax	0.2%	When interest is due on Federal advances	Pay interest on Federal advances
CO	Advance interest	Rate determined based on amount due ²	When interest is due on Federal advances	Pay interest on Federal advances
	Bond assessment	Rate determined based on amount due	When bonds are outstanding	Pay bonds issued to pay UC, Federal advances, and bond costs
CT	Bond assessment	Not specified; assessment is a % of ER’s charged tax rate.	When bonds are outstanding	Pay bonds issued to pay UC, Federal advances, and bond costs
	Special assessment	Rate determined based on amount due ²	When interest is due on Federal advances	Pay interest on Federal advances
DE	Temporary emergency assessment	Rate determined based on amount due ²	When interest is due on Federal advances	Pay interest on Federal advances
DC	Interest surcharge	1%	When interest is due on Federal advances	Pay interest on Federal advances
FL	Additional rate	Rate determined based on amount due	When interest is due on Federal advances	Pay interest on Federal advances
HI	Special assessment	Rate determined based on amount due	When interest is due on Federal advances	Pay principal and interest
ID	Advance interest repayment tax	Rate determined based on amount due ²	When interest is due on Federal advances	Pay interest on Federal advances
IA	Temporary emergency surcharge	Rate determined based on amount due ²	When interest is due on Federal advances	Pay interest on Federal advances
LA	Bond repayment assessment	1.4% on \$15,000 wage base ²	When bonds are outstanding	Pay bonds issued to pay Federal advances and bond costs
ME	Special assessment	Rate determined based on amount due ²	When interest is due on Federal advances	Pay interest on Federal advances
MI	Obligation Assessment	Rate determined based on amount due ²	When bonds are outstanding	Pay bonds issued to pay Federal advances and bond costs
MN	Special assessment	2% to 8% of quarterly taxes	When interest is due on Federal advances	Pay interest on Federal advances
MO	Advance interest	Rate determined based on amount due ²	When interest is due on Federal advances	Pay interest on Federal advances

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Table 2-15: STATES WITH LOAN AND INTEREST REPAYMENT TAXES

State	Tax	Amount ¹	When Payable	Specific Purposes
	Bond and loan assessment	Rate determined based on amount due	When bonds or loans are outstanding	Pay principle, interest, and administrative expenses related to bonds and loans
NV	Special Assessment	Rate determined based on amount due ²	When interest is due on Federal advances	Pay interest on Federal advances
	Special Bond Contributions	Rate determined based on amount due ²	When bonds are outstanding	Pay bonds issued to pay Federal advances and bond costs
NJ	Federal Loan Interest Assessment	Rate determined based on amount due ²	When interest is due on Federal advances	Pay interest on Federal advances
NY	Interest assessment surcharge	Rate determined based on amount due	When interest is due on Federal advances	Pay interest on Federal advances
OR	Advance interest repayment tax	Rate determined based on amount due ²	When interest is due on Federal advances	Pay bond obligations and interest on Federal advances
PA	Advance interest tax	Capped at 1.1% ²	When interest is due on Federal advances	Pay interest on Federal advances
PR	Advance interest tax	Rate determined based on amount due	When interest is due on Federal advances	Pay interest on Federal advances
RI	Job development assessment	0.51% wages	Quarterly	Pay principal and interest
SC	Additional surcharge	Rate determined based on amount due	When interest is due on Federal advances	Pay interest on Federal advances
TN	Interest tax	Rate determined based on amount due ²	When interest is due on Federal advances	Pay interest on Federal advances
TX	Unemployment obligation assessment	Based on amount due ²	When bonds or loans are outstanding	Interest and cost of bonds
WA	Interest payment tax	Not to exceed 0.15% ²	Based on balance of interest payment fund and projected interest due	Pay interest on Federal advances
WV	Assessment	0.35% on EEs, % on ERs on \$21,000 tax wage base = to EE assessment ³	When bonds are outstanding	Retire bonds used to pay Federal advances and cost of bonds
WI	Federal interest tax	Rate determined based on amount due	When interest is due on Federal advances	Pay interest on Federal advances

¹ Percentage figures include percent of taxable payroll, unless otherwise indicated.

² AL, CT, ID, LA, ME, MI, MO, NV, OR, PA, TX, and WA exclude reimbursing ERs. CO excludes governmental entities, reimbursing nonprofit organizations, political subdivisions electing the special rate, negative balance ERs, and ERs with positive balances of 7.0% or more. NJ excludes reimbursing employers, nonprofit organizations, and governmental entities or instrumentalities. TN excludes ERs with no benefit charges for 2 years and no negative balance for the same 2 years; IA excludes governmental ERs and ERs assigned a zero rate; OR excludes zero rated ERs; DE excludes reimbursing governmental entities or instrumentalities and nonprofit organizations; PA excludes new ERs. In some states, it is not clear whether the tax applies only to contributory employers.

Reserve Taxes —These taxes are deposited in a reserve fund established under state law. The principal in the reserve fund is used for UI purposes (such as paying benefits or interest on Federal advances). Any interest earned on the reserve fund is deposited in another fund where it is used for other purposes, such as job training and paying the collection costs of the reserve tax. Unlike employer contributions, which are held in the Federal Unemployment Trust Fund until needed to pay benefits, these reserve fund moneys are not protected by the Federal withdrawal standard, which restricts the use of contributions to the payment of benefits and other specified purposes. This means that state legislatures may, if the state constitution allows, redirect the reserve fund's principal to other uses. Even if the taxing authority has expired, reserve taxes are listed in the following table when the reserve fund continues in existence.

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**Table 2-16: STATES WITH RESERVE TAXES:
PRINCIPAL USED FOR UI PURPOSES, INTEREST USED FOR UI OR NON-UI PURPOSES**

State	Surtax	Amount ¹	When Payable	Purpose
ID	Reserve	Taxable wage rate less the assigned contribution rate and training tax rate	If as of September 30 th of the preceding year the Reserve Fund balance is <1% of state taxable wages or ≤49% of the Employment Security Fund	Loans to the employment security fund, and interest on loans; interest accrued is deposited in the Dept. of Commerce and Labor Special Administration Fund
IA	Reserve	0-50% of contributions due, not to exceed \$50,000,000 in total contributions annually	If as of July 1 st of the preceding year the Reserve Fund balance is <\$150,000,000	Pay UI; interest accrued is used for UI and Employment Service administrative costs
NE	State UI	0-20% of contributions due	When unemployment fund meets specified solvency requirements ²	Pay UI; interest accrued is deposited into the Jobs Training and Support Fund
NC	Reserve Fund	20% of contributions due	Except if as of August 1 st of the preceding year the balance of the state's account in the Unemployment Trust fund exceeds \$1,000,000,000	Pay UI; principle or interest on Federal advances; administrative cost related to the surtax

¹ Percentage figures include percent of taxable payroll, unless otherwise indicated.

² The reserve tax is in effect unless any of the following occur: the average balance in the state unemployment fund at the end of any 3 months in the preceding CY is greater than 1% of state taxable wages for the same preceding year; the balance in the state unemployment fund equals or exceeds 30% of the average month-end balance of the state's account in the Unemployment Trust Fund for the three lowest calendar months in the preceding year; or the state advisory council determines that a 0% state UI tax rate is in the best interests of preserving the integrity of the state's account in the Unemployment Trust Fund.

Taxes for UI Administration or Non-UI Purposes —States also collect a wide array of taxes established for administrative purposes. These purposes may be UI administration, job training, employment service administration, or special improvements in technology. These taxes are not deposited in the state's unemployment fund, but in another fund designated by state law. Since Federal grants for the administration of the UI program may not be used to collect non-UI taxes, almost all legislation establishing non-UI taxes provide that a portion of the revenues generated will be used for payments of costs of collecting the tax. Expired taxes are not listed. In some states, certain contributions to the state's unemployment fund are reduced when other taxes or assessments are in effect.

Table 2-17: STATES WITH TAXES FOR UI ADMINISTRATION OR NON-UI PURPOSES

State	Tax Name	Amount ¹	When Payable	Purpose
AL	Employment Security Administrative Enhancement Assessment	0.06% ²	Expires September 30, 2013	Job search/placement
AK	State Training and Employment Program	0.1% ³	Each year	Development of skilled workforce
	Technical and Vocational Education Program	0.15% ^{2,3}	Each year	Vocational and technical training
AZ	Job Training Tax	0.1%	Quarterly	Job training
AR	Extended Benefit	0.1% ²	When state's EB account is ≤0.2% payroll	Pays noncharged costs of federal-state EB
	Stabilization Tax	-0.1% to 0.8% ⁴	Through June 30, 2015	0.25% of taxable wages collected are deposited in both the Training Trust Fund and the Unemployment Insurance Administrative Fund
CA	Employment and Training Tax	0.1% (excluding negative balance ERs)	Each year	Training and administration costs
DE	Special Assessment	0.085%	Quarterly	Counseling, training, placement of dislocated workers
DC	Unemployment and Workforce Development Administrative Assessment	0.2%	Quarterly	Improve benefit claim eligibility determinations, reemployment services, fraud prevention, cost of collecting/administering assessment

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Table 2-17: STATES WITH TAXES FOR UI ADMINISTRATION OR NON-UI PURPOSES

State	Tax Name	Amount ¹	When Payable	Purpose
GA	Administrative Assessment ⁵	.08% ²	Quarterly	Employment services and administration
HI	Employment and Training Fund Assessment	0.01% ²	Quarterly	Employment services and training
ID	Training Tax	3.0% of taxable wage rate	Excludes deficit ERs from rate class 6; expires January 1, 2018.	Training
KY	Additional Contribution	0.3%	When insufficient Federal funds are made available	Administration
LA	Social Charge Tax	Varies ⁶	When trust fund balance is >\$750 million	Training and Specified UI and employment functions
ME	Competitive Skills Scholarship Fund Contributions	0.02% ⁷	Quarterly	Training and related administrative costs
MA	Unemployment Health Insurance Contribution	0.36%	Quarterly, applies to ERs with 6 or more EEs and 2 years as a subject employer	Medical Security Trust Fund
	Workforce Training Fund Contribution	0.06% ⁸	Quarterly	Training
MN	Workforce Development Assessment	0.10% ²	Quarterly	Dislocated worker training
MS	Workforce Enhancement Contributions	0.15% of taxable wages ²	Quarterly, suspended if IUR >5.5% until IUR <4.5%	Training to enhance productivity
MT	Administrative Fund Tax	0.13% or 0.18% (depending upon rate class) ⁹	Quarterly	Administration
NV	Employment and Training	0.05% ²	Quarterly	Employment and training of the unemployed
NH	Administrative Contribution	0.2%	Quarterly	Administration and training
NJ	Medical Malpractice Liability Insurance Premium Assistance Fund	\$3 per employee	Each year	Medical malpractice liability insurance premium assistance
	Supplemental Workforce Fund for Basic Skills	0.0175%	Quarterly	Remedial education
	Surcharge for Catastrophic Illness in Children	\$1 per employee	Each year	Catastrophic Illness in Children Relief Fund
	Workforce Development Partnership Tax	0.1% - Employer rate 0.025% - Employee rate	Quarterly	Customized training grants to ERs and unions for incumbent workers, individual training grants for displaced workers, OSHA training grants, youth transition to work grants
NY	Re-Employment Service Fund	0.075%	Quarterly	Automation, re-employment services, administration
OR	Administration Tax	0.09% ²	Quarterly	Employment Department administration
	Wage Security	0.03% ²	1 st quarter of every odd-numbered year	Pays last payroll checks of bankrupt ERs
PR	Special Tax	1.0% ²	Quarterly	Employment, training, and administration
RI	Job Development Assessment	0.03% of taxable wages ²	Quarterly	Administration, job development, core and employment services
SC	Administrative Contingency Assessment	0.06% ²	Quarterly	Job placement for individuals

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Table 2-17: STATES WITH TAXES FOR UI ADMINISTRATION OR NON-UI PURPOSES

State	Tax Name	Amount ¹	When Payable	Purpose
SD	Investment SD Future Fee	0 - 0.53% rated ERs; 0.05% new ERs ²	Quarterly	Research and economic development
TX	Employment Training Investment Assessment	0.1%	Quarterly	Job training
WA	Employment Assistance Tax	0.02% ²	Quarterly, terminates if Federal funding increases	Employment Assistance Program
WI	Administrative Account Contribution	0.2%, but agency may reduce	Quarterly	UI and ES administration
WY	Adjustment Factor	40% of annual noncharged/ineffectively charged adjustment factor ²	Quarterly	Workforce development program, administration

¹ Percentage figures include percent of taxable payroll unless otherwise indicated.

² AK, AL, AR, HI, MN, RI, SD, WA, and WY exclude reimbursing ERs; AL excludes new ERs, excludes reimbursing ERs, and ERs paying at least 5.4% or more; GA excludes reimbursing ERs and ERs who are assigned the minimum positive reserve rate or maximum deficit reserve rate; HI excludes ERs assigned either the minimum or maximum tax rate; MS excludes state boards, instrumentalities, political subdivisions, and nonprofit organizations; NV excludes reimbursing ERs and ERs who pay 5.4%; OR excludes ERs paying 5.4%; PR excludes governmental entities and political subdivisions, and those employers with a rate of higher than 4.4% shall have the special tax rate capped so as to not increase the employer's rate above 5.4%; SC excludes nonprofit organizations, certain governmental ERs, and ERs paying 5.4%.

³ Taken from employee portion of unemployment tax.

⁴ Through June 30, 2015, 0.25% of taxable wages collected are deposited in both the Training Trust Fund and the Unemployment Insurance Administrative Fund.

⁵ Administrative assessment is repealed December 31, 2016.

⁶ The social charge rate is calculated to the nearest .01% and may not raise an ER's total rate above 6.2%.

⁷ Contribution rates may not be reduced for new ERs below 1.0% nor below 5.4% for employers in category 20.

⁸ Administrator shall adjust rate to substantially equal \$18 million.

⁹ Governmental contributory ERs pay 0.09% and reimbursable ERs pay 0.08%.

SPECIAL PROVISIONS FOR FINANCING BENEFITS PAID TO EMPLOYEES OF NONPROFIT ORGANIZATIONS, STATE AND LOCAL GOVERNMENTS, AND INDIAN TRIBES

THE REIMBURSEMENT OPTION—As discussed in the Coverage chapter, amendments made to FUTA in 1970, 1976, and 2000 require coverage of most services performed for certain nonprofit organizations, state and local governments, and federally recognized Indian tribes. These amendments also require that states permit these entities to elect to make “payments in lieu of contributions” (more commonly called “reimbursements”) to a state’s unemployment fund. Prior to these amendments, states were not permitted to allow nonprofit organizations or Indian tribes to finance their employees’ benefits on a reimbursable basis because of the experience-rating requirements of Federal law.

Most state laws provide that reimbursing employers will be billed at the end of each calendar quarter, or other period determined by the agency, for the benefits paid during that period attributable to service in their employ. A second method, mostly limited to nonprofit organizations, bills the nonprofit at the end of each calendar quarter, or other time period specified by the agency, at a flat rate based on a percentage of the organization’s total payroll in the preceding calendar year. This method appears to be less burdensome because it spreads benefit costs more uniformly throughout the calendar year. Alabama and North Carolina mandate this second method for nonprofits, while 17 states² permit a nonprofit the option of choosing either method, subject to the approval of the state agency. Arkansas is the only state to extend this method beyond nonprofits. By law the State of Arkansas is required to use the first method, while nonprofit organizations and political subdivisions that choose reimbursement must use the second method.

² AK, CA, DC, ID, MD, ND, OH, PR, SC, SD, TN, UT, VT, VA, VI, WA, and WV.

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Although states may noncharge benefits to reimbursing employers, few do. Unlike contributing employers, who share noncharged benefit costs through such devices as minimum contribution and solvency rates, a reimbursing employer will not fully pay its noncharging costs. Only one state that noncharges benefits to reimbursing employers has developed a system for having such employers bear the costs of such noncharges. In Mississippi, political subdivisions reimbursing the fund may elect to pay 0.25 percent of taxable wages as a condition of having benefits noncharged under the same conditions as contributory employers.

Some state laws permit two or more reimbursing employers jointly to apply to the state agency for the establishment of a group account to pay the benefit costs attributable to service in their employ. This group is treated as a single employer for the purposes of benefit reimbursement and benefit cost allocation.

SPECIAL PROVISIONS FOR STATE AND LOCAL GOVERNMENTS—Generally, state laws treat governmental entities the same as nonprofit organizations and Indian tribes for financing purposes. However, treatment of governmental entities differs in the following ways:

- The state law may designate the state as a whole as a governmental entity and choose for it the financing option. (Effectively, the state legislature elects the state’s financing option.)
- Governmental entities using the contribution option must or may, depending on state law, use a method different from those applicable to other employers in the state. (Unlike nonprofit organizations and Indian tribes, the Federal experience-rating requirements do not apply to state governments and their political subdivisions.)
- A governmental entity may be liable for the full amount of extended benefits paid based on service in its employ. The Federal government does not share these costs because governmental entities do not pay the FUTA tax that pays the Federal share. (This extended benefit rule applies to Indian tribes as well.)

The following table indicates how states treat governmental entities.

Table 2-18: FINANCING PROVISIONS FOR GOVERNMENTAL ENTITIES							
State	State’s Method Required by Law	Options in Addition to Reimbursement		State	State’s Method Required by Law	Options in Addition to Reimbursement	
		Regular Contributions	Special Schedule			Regular Contributions	Special Schedule
AL	Reimbursement	X		AK		X	
AZ		X		AR		X	
CA		X	X	CO	Reimbursement	X	
CT	Reimbursement	X		DE			X
DC		X		FL		X	
GA	Contribution ¹	X		HI		X	
ID		X		IL ²	Reimbursement	X	
IN		X		IA		X	X
KS		X	X	KY		X	
LA		X		ME	Contribution ¹		
MD		X		MA			X

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Table 2-18: FINANCING PROVISIONS FOR GOVERNMENTAL ENTITIES

State	State's Method Required by Law	Options in Addition to Reimbursement		State	State's Method Required by Law	Options in Addition to Reimbursement	
		Regular Contributions	Special Schedule			Regular Contributions	Special Schedule
MI		X		MN		X	
MS	Reimbursement	X	X	MO		X	
MT			X	NE		X	
NV		X		NH	Reimbursement	X	
NJ		X	X	NM	Reimbursement	X	X
NY	Reimbursement	X		NC		X	
ND		X	X	OH		X	
OK	Contribution		X	OR	Reimbursement	X	X
PA	Reimbursement	X		PR		X	
RI		X		SC		X	
SD	Reimbursement	X		TN		X	X
TX			X	UT	Reimbursement	X	
VT ³	Reimbursement	X		VA		X	
VI		X		WA	Reimbursement	X	X
WV		X		WI	Reimbursement	X	
WY		X					

¹ GA and ME: governmental entities can elect direct reimbursement.

² Benefits paid to state employees are financed by appropriation to the state Department of Employment Security, which then reimburses the unemployment compensation fund for benefits paid.

³ State institutions of higher education have an option of contributions or reimbursement; all other state agencies must reimburse.

California has three separate plans for governmental entities. The state is limited to contributions or reimbursement. Schools have, in addition to those two options, the option of making quarterly contributions of 0.5 percent of total wages to the School Employee's Fund plus a variable local experience charge to pay for "administrative indiscretions." The Local Public Entity Employee's Fund and School Employee's Fund have been established in the state Treasury to which political subdivisions and schools, respectively, contribute a percentage of their payrolls and from which the state unemployment compensation fund is reimbursed for benefits paid.

Kansas and Massachusetts have developed a similar experience-rating system applicable to governmental entities that elect the contributions method. Under this system, three factors are involved in determining rates: required yield, individual experience, and aggregate experience. In Kansas, the rate for employers not eligible for a computed rate is based on the benefit cost experience of all rated governmental employers. In this state, no employer's rate may be less than 0.1 percent. In Massachusetts, the rate for employers not eligible for a computed rate is the average cost of all rated governmental employers but not less than 1.0 percent. Massachusetts also imposes an emergency tax of up to 1.0 percent when benefit charges reach a specified level.

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In Montana, governmental entities that elect contributions pay at rates ranging from 0.06 percent to 1.5 percent (in 0.1 percent intervals) on total wages. Rates are adjusted annually for each employer under a benefit-ratio formula. New employers are assigned the median rate for the first year in which they elect contributions. Governmental rates become effective July 1, rather than January 1, as is the case for the regular contribution rate system.

New Mexico permits political subdivisions to participate in a “local public body unemployment compensation reserve fund” managed by the risk management division. This special fund reimburses the state unemployment fund for benefits paid based on service with the participating political subdivision. The employer contributes to the special fund the amount of benefits paid attributable to service in its employ plus an additional unspecified amount to establish a pool and to pay administrative costs of the special fund.

North Dakota political subdivisions contribute to a special fund managed by the Office of Management and Budget. This fund reimburses the state’s unemployment fund for benefits paid based on service with the participating political subdivision.

Oregon has a “local government employer benefit trust fund” to which a political subdivision may elect to pay a percentage of its gross wages. The rate is redetermined each June 30 under a benefit-ratio formula. No employer’s rate may be less than 0.1 percent nor more than 5.0 percent. This special fund then reimburses the state unemployment compensation fund for benefits paid based on service with political subdivisions that have elected to participate in the special fund, repayment of advances, and any interest due because of shortages in the fund.

In Tennessee, each governmental entity that is a contributing employer will pay rates ranging from 0.3 percent to 3.0 percent determined according to its reserve ratio.

In Washington, counties, cities, and towns may elect regular reimbursement or the “local government tax.” Other political subdivisions may elect either reimbursement or regular contributions. Rates are determined yearly for each employer under a reserve-ratio formula. The following minimum and maximum rates have been established: 0.2 percent and 3.0 percent. No employer’s rate may increase by more than 1.0 percent in any year. At the discretion of the Commissioner, an emergency excess tax of not more than 1.0 percent may be imposed whenever benefit payments would jeopardize reasonable reserves. New employers pay at a rate of 1.25 percent for the first two years of participation.

BONDING REQUIREMENTS—Since reimbursing employers pay the unemployment fund after benefits have been paid, Federal law expressly authorizes states to establish bond or other reasonable requirements to assure that, in the event the reimbursing employer ceases to exist or otherwise does not pay, the unemployment fund is not left with unreimbursed costs. The following table lists those states that have imposed bond or other deposit requirements. (Please note that this table does not necessarily reflect state law pertaining to treatment of Indian tribes.)

Table 2-19: STATES THAT REQUIRE BOND OR DEPOSIT OF EMPLOYERS ELECTING REIMBURSING			
State	Provision is:		Amount
	Mandatory	Optional	
AL	X		Percent of taxable payrolls determined by director or administrator, not to exceed the maximum percentage charged to contributing employers
AK	X		Amount determined by regulation
AR	X		Prepays estimated charges each quarter
CO		X ¹	Greater of 3 x amount of regular and ½ EB paid, based on service within part year or sum of such payments during past 3 years, but not to exceed 3.6% nor less than 0.1% of taxable payrolls
CT		X ²	Percent of taxable payrolls not to exceed the maximum contribution rate in effect
DC		X	0.25% of taxable payroll

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Table 2-19: STATES THAT REQUIRE BOND OR DEPOSIT OF EMPLOYERS ELECTING REIMBURSING

State	Provision is:		Amount
	Mandatory	Optional	
GA	X		2.7% of taxable payroll as of various alternative dates, or if none, as determined by the Commissioner
HI	X		0.2% of total payrolls
ID		X	Determined on basis of potential benefit cost
IA	X		2.7% of taxable payrolls (provision currently inoperative)
KS		X	5.4% of taxable payrolls
KY		X ³	2.0% of total payrolls
ME	X	X	By regulation; not to be less than 2.0% nor more than 5.0% of taxable wages
MD	X		2.7% of taxable wages if the organization has taxable wages less than 25 x the taxable wage base, or 5.4% of taxable wages if the organization's taxable wages equal or exceed 25 x the taxable wage base
MA		X	Percent of taxable payrolls not to exceed the maximum contribution rate in effect
MI	X ⁴		4.0% of estimated annual payroll
MS		X	1.35% of taxable payrolls for nonprofit organizations and 2.0% of taxable payrolls for governmental entities
NC	X		Non-profits must keep 1.0% of prior year's taxable payroll in unemployment fund
NJ		X	Percent of taxable payrolls not to exceed the maximum contribution rate in effect
NM	X ⁵		2.7% of contributions x the organization's taxable wages
OH	X		3.0% of taxable payrolls but not more than \$2,000,000
OR	X		2.0% of total wages for the 4 CQs immediately preceding effective date of election to reimbursable status
PA	X		1.0% of taxable payroll for the most recent 4 CQs prior to election of reimbursable status
PR	X		Determined by rule
RI		X	No greater than double amount of estimated tax due each month, but not less than \$100
SC		X	Bond from nonprofit organizations which do not possess real property and improvements values in excess of \$2 million; regulation requires bond or deposit of minimum of \$2,000 for employers with annual wages of \$50,000 or less; for annual wages exceeding \$50,000, an additional \$1,000 bond required for each \$50,000 or portion thereof.
SD		X	Maximum effective tax rate x organization's taxable payroll
TX		X	Higher of 5.0% of total anticipated wages for next 12 months or amount determined by the commission
UT		X	Nonprofit employers may be required to deposit 1% of total wages paid in 4 CQs prior to demand; in the absence of 4 quarters of wages, the Division will determine the amount; deposit subject to adjustments.
VA		X	Determined by commission based on taxable wages for preceding year
VI	X		1.35% of taxable payrolls
WA		X	Amount sufficient to cover benefit costs but not more than the amount organization would pay if it were liable for contributions
WI	X		4.0% of taxable payrolls of preceding year or anticipated payroll for current year, whichever is greater
WY		X	No amount specified in law

¹ Regulation states that bond or deposit shall be required if the amount is \$100 or more

² If agency deems necessary because of financial conditions

³ Bond or deposit required as condition of election unless agency determines that the employing unit or a guarantor possesses equity in real or personal property equal to at least double the amount of bond or deposit required

⁴ Applies only to nonprofit organizations that pay more than \$100,000 in remuneration in a CY

⁵ Applies only to nonprofit organizations