

Update: July, 2009

## Unemployment Tax Alert



# Minnesota Increases Workforce Development Fee

## Situation

The Minnesota House of Representatives recently passed into law H.F. 2088. This legislation amended certain employment and economic development provisions.

## What Employers Need to Know

A Workforce Development Fee is currently collected and deposited into the Minnesota Workforce Development Fund for the purpose of supporting employment and training programs for workers who have permanently lost their jobs. This fee is separate and apart from the contributions paid and deposited into Minnesota's unemployment fund which are used for the payment of unemployment benefits. Therefore, the Workforce Development Fee may not be used in the computation of credit allowed towards the Federal Unemployment Tax when completing Form 940.

Effective July 1, 2009, through June 30, 2011, the Workforce Development Fee will be assessed at 0.12% of state taxable wages. This is an increase of 0.02% over the prior rate of 0.10%.

## What You Can Expect

Due to ongoing increases in the national unemployment tax rate, TALX will continue to monitor state legislative activity and report important events to our clients. Because of the current strain on unemployment trust fund balances, state UI agencies will continue to review all options to increase tax revenues. TALX anticipates the potential options will include changes in unemployment wage bases, increases in tax tables and additional surcharges.

Through analysis and understanding of state unemployment tax changes, employers can properly budget unemployment taxes and project costs in the upcoming years. A proactive approach will allow employers to **avoid unanticipated tax increases**.

To obtain more information, please contact Dawn Steinbruegge at (314) 684-2517 or via email at [dsteinbruegge@talx.com](mailto:dsteinbruegge@talx.com).