

Update: January 2010

Tax Intelligence

2010 Unemployment Taxable Wage Base

Situation

A "taxable wage base" is the annual amount of wages paid by an employer to an employee that are subjected to certain employment taxes. Wage base limits are reviewed and adjusted annually. There are three primary employment taxes which are impacted by a wage limit – FICA, FUTA, and state unemployment tax (SUI). For 2010, the Social Security portion of FICA wages up to \$106,800 (same as 2009) will be subject to tax and paid by both the employee and the employer. FUTA taxes are paid by employers on the first \$7,000 of taxable wages. State unemployment taxes are employer-paid taxes and the amount of wages subject to tax varies by state. Employers must consider wage base changes as they budget for 2010 employment tax costs.

Solution

Many states have recently published 2010 unemployment taxable wage base limits (see below).

State	Wage Base	State	Wage Base	State	Wage Base
AK	<i>\$34,100</i>	LA	<i>\$7,700</i>	OK	<i>\$14,900</i>
AL	\$8,000	MA	\$14,000	OR	<i>\$32,100</i>
AR	<i>\$12,000</i>	MD	\$8,500	PA	\$8,000
AZ	\$7,000	ME	\$12,000	PR	\$7,000
CA	\$7,000	MI	\$9,000	RI	<i>\$19,000</i>
CO	\$10,000	MN	<i>\$27,000</i>	SC	\$7,000
CT	\$15,000	MO	<i>\$13,000</i>	SD	<i>\$10,000</i>
DC	\$9,000	MS	\$7,000	TN	\$9,000
DE	\$10,500	MT	<i>\$26,000</i>	TX	\$9,000
FL	<i>\$8,500</i>	NC	<i>\$19,700</i>	UT	<i>\$28,300</i>
GA	\$8,500	ND	<i>\$24,700</i>	VA	\$8,000
HI	<i>\$38,800</i>	NE	\$9,000	VI	<i>\$22,200</i>
IA	<i>\$24,500</i>	NH	<i>\$10,000</i>	VT	<i>\$10,000</i>
ID	<i>\$33,300</i>	NJ	<i>\$29,700</i>	WA	<i>\$36,800</i>
IL	<i>\$12,520</i>	NM	<i>\$20,800</i>	WI	\$12,000
IN	<i>\$9,500</i>	NV	<i>\$27,000</i>	WV	\$12,000
KS	\$8,000	NY	\$8,500	WY	<i>\$22,800</i>
KY	\$8,000	OH	\$9,000	FUTA	\$7,000

Red Italics – Denotes increase in the unemployment taxable wage base over 2009

Blue Italics – Denotes decrease in the unemployment taxable wage base over 2009

Value

An adjustment to the unemployment taxable wage base limit is one of several actions a state may pursue to generate revenues and replenish a depleted unemployment trust fund. In addition, increased rate tables, solvency assessments and legislative changes have caused the task of forecasting this rising employer expense to become even more challenging.

The SUI rate forecasting services offered by TALX leverages our industry experience and extensive government relations resources to account for the many variables that impact unemployment tax costs. As unemployment trust funds continue to become insolvent (30 states as of 1-7-10) tax rate increases are projected through 2012.

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