

March, 2010

Unemployment Tax Alert



Florida Passes Legislation to Decrease Unemployment Costs for Employers

Situation

The unemployment tax increase for Florida employers this year turned out to be much bigger than expected due to the soaring unemployment rate and a law change passed last year. Tax rate notices issued in December 2009 reflected this increase. Florida lawmakers acted quickly this week to pass legislation to rollback that increase for two years. Governor Crist signed the bills immediately.

What Employers Need to Know

The legislation delays the increase of the taxable wage base from \$7,000 to \$8,500 until 2012 when it will increase to \$8,500. It will also change the factors used to calculate employers' tax rates for 2010 and 2011 resulting in lower rates. The minimum rate for 2010 will decrease but the maximum rate will remain 5.4%.

The law change also contains a special installment payment plan option which allows employers to spread their 2010 and 2011 payments out over a designated period of time. An annual \$5.00 administrative fee will be charged employers that want to take advantage of the installment plan. Information on how to take advantage of this option will be on the state electronic filing website and the blank quarterly reports.

The payment of interest on the federal advances will be made through an employer assessment. Barring a federal law change, interest will be due beginning in 2011.

What You Can Expect

The state will be issuing revised tax rate notices on March 22nd to reflect the lower factors. We will forward the rate notice to you upon receipt. However, the factors will be final by the 15th and we will be contacting you that week to advise you of what you can expect the recalculated rate to be.

To obtain more information, please contact Sue Fuchs at (314) 684-2331 or via email at sfuchs@talx.com.