

Update: December 2010

Tax Intelligence

2011 Unemployment Taxable Wage Base Update

Situation

A "taxable wage base" is the annual amount of wages paid by an employer to an employee that are subjected to certain payroll taxes. There are three primary employment taxes which are impacted by a wage limit – FICA, FUTA, and state unemployment (SUI) tax. 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 2011 employment tax costs.

Solution

It is important for employers to closely monitor state SUI wage bases. TALX expects states will continue to increase taxable wage bases over the next several years to repay Federal Title XII loans and rebuild state trust funds. Listed below are the actual SUI wage bases for 2011 for all jurisdictions except the Virgin Islands, which is a TALX estimate.

State	Wage Base	State	Wage Base	State	Wage Base
AK	<i>\$34,600</i>	LA	\$7,700	OK	<i>\$18,600</i>
AL	\$8,000	MA	\$14,000	OR	<i>\$32,300</i>
AR	\$12,000	MD	\$8,500	PA	\$8,000
AZ	\$7,000	ME	\$12,000	PR	\$7,000
CA	\$7,000	MI	\$9,000	RI	\$19,000
CO	\$10,000	MN	\$27,000	SC	<i>\$10,000</i>
CT	\$15,000	MO	\$13,000	SD	<i>\$11,000</i>
DC	\$9,000	MS	<i>\$14,000</i>	TN	\$9,000
DE	\$10,500	MT	<i>\$26,300</i>	TX	\$9,000
FL	\$7,000	NC	\$19,700	UT	<i>\$28,600</i>
GA	\$8,500	ND	<i>\$25,500</i>	VA	\$8,000
HI	<i>\$34,200</i>	NE	\$9,000	VI	<i>\$22,300 (1)</i>
IA	<i>\$24,700</i>	NH	<i>\$12,000</i>	VT	<i>\$13,000</i>
ID	\$33,300	NJ	<i>\$29,600</i>	WA	<i>\$37,300</i>
IL	<i>\$12,740</i>	NM	<i>\$21,900</i>	WI	<i>\$13,000</i>
IN	<i>\$9,500</i>	NV	<i>\$26,600</i>	WV	\$12,000
KS	\$8,000	NY	\$8,500	WY	<i>\$22,300</i>
KY	\$8,000	OH	\$9,000	FUTA	\$7,000 (2)

Red Italics – Denotes increase in the unemployment taxable wage base over 2010

Green Italics – Denotes decrease in the unemployment taxable wage base over 2010

- (1) TALX estimate, assuming no legislative change.
- (2) Actual, assuming no legislative change; however, there is strong support to increase the wage base. Should the Federal wage base (FUTA) increase, all states with a lower wage base will be required by law to match the Federal wage base.

Value

Increases in taxable wage bases are only one of the factors that will impact unemployment tax costs in the coming years. Changes in rate tables, solvency assessments to pay for Title XII loan interest, federal unemployment tax (FUTA) credit reductions, and a possible increase in the FUTA wage base (and required increase in state wage bases) will each have an impact on these costs. In addition, legislation such as the possible 13-month extension of extended benefits must be considered. Understanding the effect of these measures is key to ensure accurate budgeting for and minimizing of these costs.

TALX will be conducting a webcast titled *Unemployment Compensation Briefing – Planning for 2011* on December 15th and 16th to assist employers in understanding the current unemployment landscape. For more information, please contact Pete Krieshok at (314)214-7325 or pkrieshok@talx.com. You can also visit our corporate blog at <http://blog.talx.com>.