

Update: September 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 unemployment taxes. There are three primary employment taxes which are impacted by a wage limit – FICA, FUTA, and state unemployment tax (SUI). 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 due to the need to repay Federal Title XII loans. Listed below is the current information that the TALX legislative team has been able to obtain.

State	Wage Base	State	Wage Base	State	Wage Base
AK	<i>\$35,500</i> (2)	LA	\$7,700 (2)	OK	<i>\$18,600</i> (1)
AL	\$8,000 (1)	MA	\$14,000 (1)	OR	<i>\$32,900</i> (2)
AR	\$12,000 (1)	MD	\$8,500 (1)	PA	\$8,000 (1)
AZ	\$7,000 (1)	ME	\$12,000 (1)	PR	\$7,000 (1)
CA	\$7,000 (1)	MI	\$9,000 (1)	RI	\$19,000 (2)
CO	\$10,000 (1)	MN	<i>\$28,000</i> (2)	SC	<i>\$10,000</i> (1)
CT	\$15,000 (1)	MO	\$13,000 (2)	SD	<i>\$11,000</i> (1)
DC	\$9,000 (1)	MS	<i>\$14,000</i> (1)	TN	\$9,000 (1)
DE	\$10,500 (1)	MT	<i>\$26,300</i> (1)	TX	\$9,000 (1)
FL	\$7,000 (1)	NC	<i>\$20,100</i> (2)	UT	<i>\$28,800</i> (2)
GA	\$8,500 (1)	ND	<i>\$25,700</i> (2)	VA	\$8,000 (1)
HI	<i>\$36,100</i> (2)	NE	\$9,000 (1)	VI	<i>\$22,300</i> (2)
IA	<i>\$24,700</i> (1)	NH	<i>\$12,000</i> (1)	VT	<i>\$13,000</i> (1)
ID	<i>\$33,400</i> (2)	NJ	<i>\$29,600</i> (1)	WA	<i>\$37,300</i> (1)
IL	<i>\$12,740</i> (2)	NM	<i>\$21,900</i> (1)	WI	<i>\$13,000</i> (1)
IN	\$7,000 (3)	NV	<i>\$26,600</i> (1)	WV	\$12,000 (1)
KS	\$8,000 (1)	NY	\$8,500 (4)	WY	<i>\$22,300</i> (1)
KY	\$8,000 (1)	OH	\$9,000 (1)	FUTA	\$7,000 (5)

*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) Actual, without further legislative changes.
- (2) TALX estimate, assuming no legislative change.
- (3) Expected to introduce legislation later this year or early next year to delay the increase in the wage base to \$9,500 until 2012.
- (4) Actual, legislation is pending that could increase the taxable wage base for 2011.
- (5) 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

Based on the current economic environment, **forecasting unemployment tax costs** has become more challenging. Many states are increasing taxable wage bases, rate tables and surcharges to raise revenues. In addition, legislative activity continues to cause uncertainty regarding unemployment tax cost projections. A balanced approach and analysis of rate factors, legislation (passed and pending), state trust fund solvency, and Federal Title XII loans will yield the most accurate 2011 projection.

Additionally, TALX will be conducting a webcast to educate employers on the employment tax impacts of mergers, acquisitions and reorganizations on October 5, 2010 and October 6, 2010. For more information, please contact Pete Krieshok at (314)214-7325 or [pkrieshok@talx.com](mailto:pkrieshok@talx.com). For more information, you can also visit our corporate blog at <http://blog.talx.com>.