

# SERVICE BULLETIN

*TO:* T&T Clients  
*FROM:* Josh Kendall  
*RE:* Overview of State UI Taxes for 2010  
*DATE:* December 15, 2009

---

Last week the National Association of State Workforce Agencies released the results of a survey relating to UI taxes. Following are some of the conclusions:

- 35 of the 51 state programs expect UI tax payments to increase in 2010. The median increase is 27.5%.
- A total of 24 states will increase their taxable wage base in 2010.
- 28 of the 51 state programs surveyed indicated that the tax rate schedule in their state will increase for 2010. Of the 23 states that do not expect a higher rate schedule, 10 are already at the highest tier allowed by current law.
- The states with the highest projected tax increases are as follows:

Hawaii	600% increase
Nebraska	150% increase
South Dakota	140% increase
Idaho	115% increase
New Hampshire	106% increase
Kansas	100% increase
Alabama	90% increase
Virginia	78% increase
Maryland	75% increase
Montana	71% increase

The survey results are not good news, but also not unexpected. It is interesting that many states with the highest rates of unemployment in 2009 and the largest federal loans do not make the top ten list for tax increases. This does not bode well for 2011, for employers in such states as California, Michigan, Illinois, Indiana, Ohio, North Carolina, and New York. The mechanism for funding the cost of unemployment compensation in these states is not reacting quickly, but there will have to be a solution down the road. This reinforces our conviction that the increases in state UI tax are a multi-year phenomenon.

If there are any questions please contact us.

