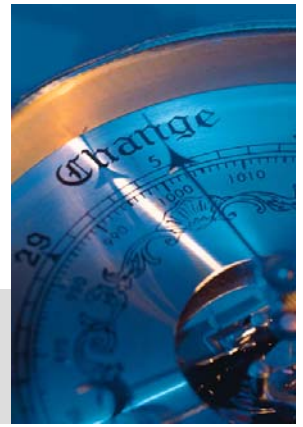


SERVICE BULLETIN



Wisconsin Legislation Will Increase Unemployment Insurance Taxes

TO: Wisconsin Clients
FROM: Page Hudson
RE: Wisconsin Legislation Will Increase Unemployment Insurance Taxes
DATE: April 29, 2008

Several changes have been made to Wisconsin Unemployment Law as a result of enactment of Senate Bill 431 on March 5, 2008. You may view the full bill and legislative analysis at <http://www.legis.state.wi.us/2007/data/SB-431.pdf>. The impact of the legislation is generally to increase your future tax payments. The following are several of the more significant changes, in our view:

- 1) The state unemployment taxable wage base increases from \$10,500 for 2008 to \$12,000 for 2009 and 2010, \$13,000 for 2011 and 2012, and \$14,000 for 2013 and thereafter. This is a 33% increase by the time it is finished. In other words, your taxes will increase by 33% for employees who are paid \$14,000 or more annually, even if your tax rate is unchanged.
- 2) Beginning in 2009, part of your quarterly tax payments will shift from the unemployment tax account to the solvency tax account. For employers with a positive reserve account balance, two-tenths of one percent of the tax rate will shift to the solvency account. For employers with a negative reserve account balance, four-tenths of one percent of the tax rate will shift to the solvency account. This has the appearance of a neutral adjustment, but in fact it will raise tax rates. Payments into the solvency account are not credited to your reserve balance when your tax rate is calculated annually. The diversion of payments to the solvency account reduces your reserve account accordingly, and drives your future tax rates higher.
- 3) Quarterly unemployment insurance tax payments will be considered delinquent if they are not received by the Department of Workforce Development by the due date. Previously, such payments were timely if they were postmarked no later than the due date or received by the Department no later than three days after the due date. This grace period has been deleted.
- 4) The bill phases in electronic reporting requirements for additional employers with twenty-five or more employees (currently fifty) in Wisconsin. The bill also requires electronic payment of contributions beginning on January 1 of any year if the employer's contributions totaled at least \$10,000 for the one-year period ending on the previous June 30.
- 5) The maximum weekly benefit amount will increase from \$355 to \$363 beginning in 2009.
- 6) A provision which was scheduled to expire has been made permanent, relating to the charging of unemployment insurance benefits to employers. When an employer fails to provide correct and complete information on a claim form or during a fact-finding investigation, after which benefits are erroneously paid to the claimant, the cost of such benefits will remain charged to the employer's account even though a disqualification is imposed upon appeal.

If there are any questions, please contact us.


Thomas & Thorngren, Inc.

SERVICE BULLETIN

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