

Texas Workforce Press Release

FOR IMMEDIATE RELEASE

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TWC Sets Employer Unemployment Insurance Tax Rates for 2010

AUSTIN – The minimum Unemployment Insurance (UI) tax rate paid by Texas employers in Calendar Year (CY) 2010 will be 0.72 percent, up from 0.26 percent in CY 2009, the Texas Workforce Commission (TWC) announced today. The rate increase is due to a higher UI benefit outlay in the past year. The taxes replenish the Texas Unemployment Compensation Trust Fund which provides unemployment insurance for Texas workers who lose their jobs through no fault of their own.

The minimum tax rate of 0.72 percent is paid by nearly 255,000 employers, or 67 percent of all experience-rated employers. An employer paying the minimum tax will pay \$64.80 in tax per employee in CY 2010 compared with \$23.40 in tax per employee in CY 2009.

Texas employer UI taxes at the minimum rate remain lower than many other states. Illinois employers at its minimum tax rate pay \$81 per employee; Florida employers at its minimum tax rate pay \$100 per employee; and Arkansas employers at its minimum tax rate pay \$120 per employee.

The maximum UI tax rate, paid by 3.3 percent of Texas experience-rated employers, is 8.60 percent, up from 6.26 percent in CY 2009. The average tax rate of 1.83 percent for CY 2010 is up from 0.99 percent in CY 2009, while the average experience tax rate of 1.74 percent for CY 2010 is up from 0.78 percent in CY 2009.

The components of the CY 2010 tax rate are:

- The **general tax** rate – based on claims against an employer’s account. If TWC has paid benefits to former employees who were laid off or separated through no fault of their own in the past three years, then those employers will pay a general tax.
- The **replenishment tax** rate – charged to all employers to cover unemployment claims not charged to a specific employer. This tax tends to rise following economic slowdowns when claims increase and businesses close.
- The **deficit tax** rate – applies only to those employers who were experience rated in the previous year. TWC took action to reduce the deficit tax by 50 percent for CY 2010.
- The **employment training assessment** – charged to all employers who are eligible for a computed tax rate to finance the Skills Development Fund and the Texas Enterprise Fund. The employment training assessment calculation is a separate line item on the Employer’s Quarterly Tax Report.

Year	Taxable Wage Base	Minimum Tax Rate	Maximum Tax Rate	Average Tax Rate	Average Experience Tax Rate
2010	\$9,000	0.72%	8.60%	1.83%	1.74%
2009	\$9,000	0.26%	6.26%	0.99%	0.78%
2008	\$9,000	0.10%	6.10%	0.92%	0.65%
2007	\$9,000	0.29%	7.70%	1.30%	1.13%
2006	\$9,000	0.40%	7.64%	1.51%	1.37%
2005	\$9,000	0.58%	8.02%	1.74%	1.63%

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2010 UI Tax Rates

TWC is dedicated to finding ways to lower the financial impact of unemployment on Texas employers. TWC and its 28 local workforce boards are committed to assisting UI claimants return to work as soon as possible.

To increase UI fraud detection and prevention, TWC has increased work-search verifications, and improved automated processes and database cross matches with other agencies. TWC pledges its continued efforts in helping to keep taxes as low as possible and minimizing the effects on Texas employers.

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The Texas Workforce Commission is a state agency dedicated to helping Texas employers, workers and communities prosper economically. For details on TWC and the programs it offers in unison with its network of local workforce development boards, call (512) 463-8556 or visit www.texasworkforce.org