

STATE OF NEVADA

Department of Employment, Training and Rehabilitation

EMPLOYMENT SECURITY DIVISION

2022

Tax Schedule Explanation

For

Unemployment Insurance

Edgar Roberts – Chief of Contributions

Jo Anne Wiley – Deputy Chief of Contributions

Employment Security Council Meeting and Regulation Workshop

October 4, 2021



Employment Security Council

- ❑ ESD Administrator sets the tax rates each year by adopting a regulation. (NRS 612.550.5)
- ❑ The role of the Employment Security Council is to recommend a change in the contribution rate whenever it becomes necessary to protect the solvency of the Unemployment Compensation Fund. (NRS 612.310)



Regulatory Process

- ❑ October 4, 2021 – Employment Security Council Meeting and Regulation Workshop held to review regulations for the 2022 tax schedule.
- ❑ ESD will submit the proposed regulation to LCB for approval
- ❑ October 22, 2021 – Small Business Workshop
- ❑ December 8, 2021 – Public Hearing Adoption of annual regulation (NAC 612.270) by December 31, 2021



FEDERAL UNEMPLOYMENT TAX = FUTA

- ❑ **FUTA imposes a federal payroll tax on all employers of 6.0% of each employee's wages, up to \$7,000 (\$420 per year)**
- ❑ **Employers receive a credit of 5.4%, if the employer participates in a state unemployment program approved by the U.S. Secretary of Labor**
- ❑ **Net cost under normal circumstances is $0.6\% \times \$7,000 = \42 per employee**
- ❑ **State UI programs perform a certification process with the IRS to validate SUTA payments for FUTA credits.**



STATE UNEMPLOYMENT TAX = SUTA

THE ONLY PURPOSE OF THE STATE TAX IS TO PAY UNEMPLOYMENT BENEFITS. ANY OTHER USE IS PROHIBITED.

- Paid entirely by employers.**
- Tax rates vary based on the employer's previous experience with unemployment.**
- Funds must be deposited with the U.S. Treasury.**



Experience Rating System

- ❑ **NEW EMPLOYER RATE**
2.95% of Taxable Wages

- ❑ **ANNUAL TAXABLE WAGE BASE**
 - 2019 - \$31,200**
 - 2020 - \$32,500**
 - 2021 - \$33,400**
 - 2022 - \$36,600**

- ❑ **EXPERIENCE RATING**
3½ to 4 YEARS



Eligible Employer Rates

Rate Class	Rate	2021 Maximum Cost Per Employee Taxable Limit \$33,400	2022 Maximum Cost Per Employee Taxable Limit \$36,600
18	5.40%	\$1,803.60	\$1,976.40
17	5.05%	\$1,686.70	\$1,848.30
16	4.75%	\$1,586.50	\$1,738.50
15	4.45%	\$1,486.30	\$1,628.70
14	4.15%	\$1,386.10	\$1,518.90
13	3.85%	\$1,285.90	\$1,409.10
12	3.55%	\$1,185.70	\$1,299.30
11	3.25%	\$1,085.50	\$1,189.50
10	2.95%	\$ 985.30	\$1,079.70
9	2.65%	\$ 885.10	\$ 969.90
8	2.35%	\$ 784.90	\$ 860.10
7	2.05%	\$ 684.70	\$ 750.30
6	1.75%	\$ 584.50	\$ 640.50
5	1.45%	\$ 484.30	\$ 530.70
4	1.15%	\$ 384.10	\$ 420.90
3	0.85%	\$ 283.90	\$ 311.10
2	0.55%	\$ 183.70	\$ 201.30
1	0.25%	\$ 83.50	\$ 91.50



RESERVE RATIO

CONTRIBUTIONS PAID (MINUS) BENEFITS CHARGED

(DIVIDED BY)

AVERAGE TAXABLE PAYROLL FOR PRIOR 3 YEARS

(2018, 2019, 2020)

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RESERVE RATIO

EXAMPLE

\$60,000 - \$20,000 = \$40,000 / \$400,000 = .10 or 10% Reserve Ratio



Setting the Annual Rate Schedule

- ❑ Solvency of the state UI Trust Fund is measured on September 30th
- ❑ Projections are calculated for the next calendar year
 - ❑ Number of active employers
 - ❑ Amount of taxable payroll
 - ❑ Amount of state UI benefits that will be paid
 - ❑ Estimated revenues required for benefit payouts and trust fund solvency in the next calendar year
 - ❑ Optional schedules are developed with variable average tax rates and revenue projections



**ESTIMATED REVENUE AND EMPLOYER DISTRIBUTION
CALENDAR YEAR 2022**

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)
	From	To		#	%	(\$MILL)	%	
18	<	-9.65	5.40%	1431	2.63%	\$700.78	2.19%	\$37.84
17	-9.65	-8.05	5.05%	98	0.18%	\$26.66	0.08%	\$1.35
16	-8.05	-6.45	4.75%	104	0.19%	\$52.86	0.17%	\$2.51
15	-6.45	-4.85	4.45%	144	0.26%	\$53.14	0.17%	\$2.36
14	-4.85	-3.25	4.15%	154	0.28%	\$24.73	0.08%	\$1.03
13	-3.25	-1.65	3.85%	188	0.35%	\$34.20	0.11%	\$1.32
12	-1.65	-0.05	3.55%	250	0.46%	\$118.13	0.37%	\$4.19
11	-0.05	1.55	3.25%	695	1.28%	\$199.59	0.62%	\$6.49
10	1.55	3.15	2.95%	514	0.95%	\$197.20	0.62%	\$5.82
9	3.15	4.75	2.65%	733	1.35%	\$396.72	1.24%	\$10.51
8	4.75	6.35	2.35%	1496	2.75%	\$1,057.37	3.30%	\$24.85
7	6.35	7.95	2.05%	2930	5.39%	\$2,633.09	8.23%	\$53.98
6	7.95	9.55	1.75%	6874	12.64%	\$5,779.18	18.06%	\$101.14
5	9.55	11.15	1.45%	10598	19.49%	\$8,821.19	27.57%	\$127.91
4	11.15	12.75	1.15%	11090	20.40%	\$8,110.83	25.35%	\$93.27
3	12.75	14.35	0.85%	7782	14.31%	\$2,645.46	8.27%	\$22.49
2	14.35	15.95	0.55%	3433	6.31%	\$686.44	2.15%	\$3.78
1	15.95	>	0.25%	5854	10.77%	\$462.43	1.45%	\$1.16

Total Eligible Employers		54,368	100.0%	\$32,000.00	100.0%	\$502.00
New Employers	2.95%	34,471		\$2,000.00		\$59.00
TOTAL		88,839		\$34,000.00		\$561.00

Average UI Rate: 1.65% C.E.P.: 0.05% TOTAL TAX RATE: 1.70%



**ESTIMATED REVENUE AND EMPLOYER DISTRIBUTION
CALENDAR YEAR 2022**

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)	
	From	To		#	%	(\$MILL)	%		
18	<	-8.50	5.40%	1504	2.77%	\$722.59	2.26%	\$39.02	
17	-8.50	-6.90	5.05%	101	0.19%	\$53.75	0.17%	\$2.71	
16	-6.90	-5.30	4.75%	123	0.23%	\$31.86	0.10%	\$1.51	
15	-5.30	-3.70	4.45%	158	0.29%	\$42.12	0.13%	\$1.87	
14	-3.70	-2.10	4.15%	171	0.31%	\$28.44	0.09%	\$1.18	
13	-2.10	-0.50	3.85%	235	0.43%	\$89.14	0.28%	\$3.43	
12	-0.50	1.10	3.55%	651	1.20%	\$171.13	0.53%	\$6.08	
11	1.10	2.70	3.25%	468	0.86%	\$211.50	0.66%	\$6.87	
10	2.70	4.30	2.95%	654	1.20%	\$305.84	0.96%	\$9.02	
9	4.30	5.90	2.65%	1177	2.16%	\$826.17	2.58%	\$21.89	
8	5.90	7.50	2.35%	2364	4.35%	\$2,082.08	6.51%	\$48.93	
7	7.50	9.10	2.05%	5755	10.59%	\$4,835.77	15.11%	\$99.13	
6	9.10	10.70	1.75%	9567	17.60%	\$7,942.54	24.82%	\$138.99	
5	10.70	12.30	1.45%	11569	21.28%	\$9,158.07	28.62%	\$132.79	
4	12.30	13.90	1.15%	8983	16.52%	\$4,048.53	12.65%	\$46.56	
3	13.90	15.50	0.85%	4418	8.13%	\$912.84	2.85%	\$7.76	
2	15.50	17.10	0.55%	1787	3.29%	\$214.63	0.67%	\$1.18	
1	17.10	>	0.25%	4683	8.61%	\$322.99	1.01%	\$0.81	
Total Eligible Employers				54,368	100.0%	\$32,000.00	100.0%	\$569.73	
New Employers					2.95%	34,471		\$2,000.00	\$59.00
TOTAL				88,839		\$34,000.00		\$628.73	

Average UI Rate: 1.85% C.E.P.: 0.05% TOTAL TAX RATE: 1.90%



**ESTIMATED REVENUE AND EMPLOYER DISTRIBUTION
CALENDAR YEAR 2022**

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)	
	From	To		#	%	(\$MILL)	%		
18	<	-7.35	5.40%	1573	2.89%	\$765.51	2.39%	\$41.34	
17	-7.35	-5.75	5.05%	116	0.21%	\$34.19	0.11%	\$1.73	
16	-5.75	-4.15	4.75%	146	0.27%	\$44.14	0.14%	\$2.10	
15	-4.15	-2.55	4.45%	173	0.32%	\$26.52	0.08%	\$1.18	
14	-2.55	-0.95	4.15%	215	0.40%	\$79.58	0.25%	\$3.30	
13	-0.95	0.65	3.85%	609	1.12%	\$120.61	0.38%	\$4.64	
12	0.65	2.25	3.55%	431	0.79%	\$233.15	0.73%	\$8.28	
11	2.25	3.85	3.25%	595	1.09%	\$272.19	0.85%	\$8.85	
10	3.85	5.45	2.95%	944	1.74%	\$526.21	1.64%	\$15.52	
9	5.45	7.05	2.65%	1971	3.63%	\$1,791.47	5.60%	\$47.47	
8	7.05	8.65	2.35%	4131	7.60%	\$3,927.80	12.27%	\$92.30	
7	8.65	10.25	2.05%	8806	16.20%	\$6,755.82	21.11%	\$138.49	
6	10.25	11.85	1.75%	11448	21.06%	\$9,915.19	30.98%	\$173.52	
5	11.85	13.45	1.45%	10151	18.67%	\$5,551.10	17.35%	\$80.49	
4	13.45	15.05	1.15%	5773	10.62%	\$1,303.77	4.07%	\$14.99	
3	15.05	16.65	0.85%	2224	4.09%	\$284.07	0.89%	\$2.41	
2	16.65	18.25	0.55%	1238	2.28%	\$118.28	0.37%	\$0.65	
1	18.25	>	0.25%	3824	7.03%	\$250.39	0.78%	\$0.63	
Total Eligible Employers				54,368	100.0%	\$32,000.00	100.0%	\$637.89	
New Employers					2.95%	34,471		\$2,000.00	\$59.00
TOTAL				88,839		\$34,000.00		\$696.89	

Average UI Rate: 2.05% C.E.P.: 0.05% TOTAL TAX RATE: 2.10%



SUMMARY

Estimated Distribution of Employers
Calendar Year 2022

<u>Page #</u>	10	11	12
<u>Range of</u>	-9.65	-8.50	-7.35
<u>Reserve Ratios</u>	15.95	17.10	18.25
<u>Increments</u>	1.6	1.6	1.6
<u>Average UI Rate</u>	1.65%	1.85%	2.05%
<u>CEP</u>	0.05%	0.05%	0.05%
Average Rate & CEP Total	1.70%	1.90%	2.10%

REVENUE (mil) **\$561.00** **\$628.73** **\$696.89**

ELIGIBLE EMPLOYERS

Rate Class	5.40%	1431	1504	1573
	5.05%	98	101	116
	4.75%	104	123	146
	4.45%	144	158	173
	4.15%	154	171	215
	3.85%	188	235	609
	3.55%	250	651	431
	3.25%	695	468	595
	2.95%	514	654	944
	2.65%	733	1177	1971
	2.35%	1496	2364	4131
	2.05%	2930	5755	8806
	1.75%	6874	9567	11448
	1.45%	10598	11569	10151
	1.15%	11090	8983	5773
	0.85%	7782	4418	2224
	0.55%	3433	1787	1238
	0.25%	5854	4683	3824
Total		54,368	54,368	54,368



END

- ❑ This concludes my presentation
- ❑ Thank you

