

STATE OF NEVADA

Department of Employment, Training and Rehabilitation

EMPLOYMENT SECURITY DIVISION

2020

Tax Schedule Explanation

For

Unemployment Insurance

Edgar Roberts – Chief of Contributions

Employment Security Council Meeting and Regulation Workshop

October 3, 2019



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 3, 2019 – Employment Security Council Meeting and Regulation Workshop held to provide a recommendation for the 2020 tax schedule to ESD Administrator
- ❑ ESD will submit a proposed regulation to LCB for approval
- ❑ October 23, 2019 – Small Business Workshop
- ❑ December 5, 2019 – Public Hearing Adoption of annual regulation (NAC 612.270) by December 31, 2019



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**
 - 2017 - \$29,500**
 - 2018 - \$30,500**
 - 2019 - \$31,200**
 - 2020 - \$32,500**

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



Eligible Employer Rates

Rate Class	Rate	2019 Maximum Cost Per Employee Taxable Limit \$31,200	2020 Maximum Cost Per Employee Taxable Limit \$32,500
18	5.40%	\$1,684.80	\$1,755.00
17	5.05%	\$1,575.60	\$1,641.25
16	4.75%	\$1,482.00	\$1,543.75
15	4.45%	\$1,388.40	\$1,446.25
14	4.15%	\$1,294.80	\$1,348.75
13	3.85%	\$1,201.20	\$1,251.25
12	3.55%	\$1,107.60	\$1,153.75
11	3.25%	\$1,014.00	\$1,056.25
10	2.95%	\$ 920.40	\$ 958.75
9	2.65%	\$ 826.80	\$ 861.25
8	2.35%	\$ 733.20	\$ 763.75
7	2.05%	\$ 639.60	\$ 666.25
6	1.75%	\$ 546.00	\$ 568.75
5	1.45%	\$ 452.40	\$ 471.25
4	1.15%	\$ 358.80	\$ 373.75
3	0.85%	\$ 265.20	\$ 276.25
2	0.55%	\$ 171.60	\$ 178.75
1	0.25%	\$ 78.00	\$ 81.25



RESERVE RATIO

CONTRIBUTIONS PAID (MINUS) BENEFITS CHARGED

(DIVIDED BY)

AVERAGE TAXABLE PAYROLL FOR PRIOR 3 YEARS

(2016, 2017, 2018)

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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 2020**

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)
	From	To		#	%	(\$MILL)	%	
18	<	-10.2	5.40%	2482	4.7%	\$1,024.24	3.0%	\$55.31
17	-10.2	-8.6	5.05%	187	0.4%	\$67.31	0.2%	\$3.40
16	-8.6	-7.0	4.75%	194	0.4%	\$57.22	0.2%	\$2.72
15	-7.0	-5.4	4.45%	270	0.5%	\$85.69	0.3%	\$3.81
14	-5.4	-3.8	4.15%	312	0.6%	\$92.23	0.3%	\$3.83
13	-3.8	-2.2	3.85%	370	0.7%	\$203.46	0.6%	\$7.83
12	-2.2	-0.6	3.55%	490	0.9%	\$260.94	0.8%	\$9.26
11	-0.6	1.0	3.25%	1600	3.1%	\$384.93	1.1%	\$12.51
10	1.0	2.6	2.95%	880	1.7%	\$517.17	1.5%	\$15.26
9	2.6	4.2	2.65%	1342	2.6%	\$1,039.62	3.1%	\$27.55
8	4.2	5.8	2.35%	1988	3.8%	\$1,750.51	5.1%	\$41.14
7	5.8	7.4	2.05%	3227	6.2%	\$3,613.69	10.6%	\$74.08
6	7.4	9.0	1.75%	6244	11.9%	\$6,804.02	20.0%	\$119.07
5	9.0	10.6	1.45%	8185	15.6%	\$10,085.32	29.7%	\$146.24
4	10.6	12.2	1.15%	9073	17.3%	\$6,083.91	17.9%	\$69.97
3	12.2	13.8	0.85%	6990	13.3%	\$1,272.01	3.7%	\$10.81
2	13.8	15.4	0.55%	3136	6.0%	\$335.98	1.0%	\$1.85
1	15.4	>	0.25%	5393	10.3%	\$321.76	0.9%	\$0.80
Total Eligible Employers				52,363	100.0%	\$34,000.00	100.0%	\$605.44
New Employers				26,991		\$2,300.00		\$67.85
TOTAL				79,354		\$36,300.00		\$673.29

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



**ESTIMATED REVENUE AND EMPLOYER DISTRIBUTION
CALENDAR YEAR 2020**

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)
	From	To		#	%	(\$MILL)	%	
18	<	-10.8	5.40%	2409	4.6%	\$997.12	2.9%	\$53.84
17	-10.8	-9.2	5.05%	191	0.4%	\$64.10	0.2%	\$3.24
16	-9.2	-7.6	4.75%	182	0.3%	\$70.66	0.2%	\$3.36
15	-7.6	-6.0	4.45%	220	0.4%	\$68.12	0.2%	\$3.03
14	-6.0	-4.4	4.15%	296	0.6%	\$92.84	0.3%	\$3.85
13	-4.4	-2.8	3.85%	361	0.7%	\$119.97	0.4%	\$4.62
12	-2.8	-1.2	3.55%	440	0.8%	\$260.53	0.8%	\$9.25
11	-1.2	0.4	3.25%	1532	2.9%	\$351.05	1.0%	\$11.41
10	0.4	2.0	2.95%	767	1.5%	\$440.87	1.3%	\$13.01
9	2.0	3.6	2.65%	1175	2.2%	\$840.13	2.5%	\$22.26
8	3.6	5.2	2.35%	1704	3.3%	\$1,309.91	3.9%	\$30.78
7	5.2	6.8	2.05%	2642	5.0%	\$2,732.45	8.0%	\$56.02
6	6.8	8.4	1.75%	4481	8.6%	\$5,496.05	16.2%	\$96.18
5	8.4	10.0	1.45%	7956	15.2%	\$9,741.07	28.7%	\$141.25
4	10.0	11.6	1.15%	9164	17.5%	\$7,967.05	23.4%	\$91.62
3	11.6	13.2	0.85%	8087	15.4%	\$2,515.48	7.4%	\$21.38
2	13.2	14.8	0.55%	4561	8.7%	\$532.26	1.6%	\$2.93
1	14.8	>	0.25%	6195	11.8%	\$400.32	1.2%	\$1.00

Total Eligible Employers		52,363	100.0%	\$34,000.00	100.0%	\$569.03
New Employers	2.95%	26,991		\$2,300.00		\$67.85

TOTAL 79,354 \$36,300.00 \$636.88

Average UI Rate: 1.75% C.E.P.: 0.05% TOTAL TAX RATE: 1.80%



SUMMARY

Estimated Distribution of Employers

Calendar Year 2020

Page #	1	2	3	4	5
Range of	-12.6	-12	-11.4	-10.8	-10.2
Reserve Ratios	13	13.6	14.2	14.8	15.4
Increments	1.6	1.6	1.6	1.6	1.6
Average UI Rate	1.45%	1.55%	1.65%	1.75%	1.85%
CEP	0.05%	0.05%	0.05%	0.05%	0.05%
Average Rate & CEP Total	1.50%	1.60%	1.70%	1.80%	1.90%

REVENUE (mil)	\$563.85	\$600.05	\$636.88	\$636.88	\$673.29
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ELIGIBLE EMPLOYERS

Rate Class	5.40%	2222	2282	2340	2409	2482
5.05%	161	182	172	191	187	187
4.75%	185	182	214	182	194	194
4.45%	194	187	184	220	270	270
4.15%	216	254	288	296	312	312
3.85%	282	308	331	361	370	370
3.55%	359	359	389	440	490	490
3.25%	420	487	538	1532	1600	1600
2.95%	1502	1567	1651	767	880	880
2.65%	732	844	956	1175	1342	1342
2.35%	1103	1292	1456	1704	1988	1988
2.05%	1618	1871	2270	2642	3227	3227
1.75%	2498	3028	3643	4481	6244	6244
1.45%	4215	5019	6943	7956	8185	8185
1.15%	7647	8703	8845	9164	9073	9073
0.85%	9129	9335	8698	8087	6990	6990
0.55%	7971	7429	5914	4561	3136	3136
0.25%	11909	9034	7531	6195	5393	5393
Total	52,363	52,363	52,363	52,363	52,363	52,363

