

STATE OF NEVADA

Department of Employment, Training and Rehabilitation

EMPLOYMENT SECURITY DIVISION

2013

ESTIMATED TAX RATE SCHEDULES

For

Unemployment Insurance

Employment Security Council Meeting and Regulation Workshop

October 2, 2012



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 contribution rates whenever it becomes necessary to protect the solvency of the Unemployment Compensation Fund. (NRS 612.310)



Regulatory Process

- ❑ October 2, 2012 – Employment Security Council Meeting and Regulation Workshop to provide a recommendation for the 2013 tax schedule to ESD Administrator
- ❑ ESD will submit a proposed regulation to LCB
- ❑ November 2, 2012 – Small Business Workshop
- ❑ December 4, 2012 – Public Hearing
- ❑ Adoption of annual regulation (NAC 612.270) by December 31, 2012



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
- ❑ FUTA credit is reduced when states have to borrow funds from the federal government.
- ❑ Credit reduced 0.3% in 2011- \$63 per employee total
- ❑ Credit reduced 0.6% in 2012- \$84 per employee total
- ❑ Credit reduced 0.9% in 2013- \$105 per employee total



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**
2012 - \$26,400
2013 - \$26,900

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



Eligible Employer Rates

Rate Class	Rate	2012 Maximum Cost Per Employee Taxable Limit \$26,400	2013 Maximum Cost Per Employee Taxable Limit \$26,900
18	5.40%	\$1,425.60	\$1,452.60
17	5.05%	\$1,333.20	\$1,358.45
16	4.75%	\$1,254.00	\$1,277.75
15	4.45%	\$1,174.80	\$1,197.05
14	4.15%	\$1,095.60	\$1,116.35
13	3.85%	\$1,016.40	\$1,035.65
12	3.55%	\$ 937.20	\$ 954.95
11	3.25%	\$ 858.00	\$ 874.25
10	2.95%	\$ 778.80	\$ 793.55
9	2.65%	\$ 699.60	\$ 712.85
8	2.35%	\$ 620.40	\$ 632.15
7	2.05%	\$ 541.20	\$ 551.45
6	1.75%	\$ 462.00	\$ 470.75
5	1.45%	\$ 382.80	\$ 390.05
4	1.15%	\$ 303.60	\$ 309.35
3	0.85%	\$ 224.40	\$ 228.65
2	0.55%	\$ 145.20	\$ 147.95
1	0.25%	\$ 66.00	\$ 67.25



RESERVE RATIO

CONTRIBUTIONS PAID (MINUS) BENEFITS CHARGED

(DIVIDED BY)

AVERAGE TAXABLE PAYROLL FOR PRIOR 3 YEARS

(2009, 2010, 2011)

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RESERVE RATIO

EXAMPLE

\$6,000 - \$2,000 = \$4,000/\$40,000 = .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 2012**

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)
	From	To		#	%	(\$MILL)	%	
18	<	-15.6	5.40%	3,613	10.1%	\$1,147.28	5.6%	\$61.95
17	-15.6	-14.0	5.05%	308	0.8%	\$136.53	0.7%	\$6.89
16	-14.0	-12.4	4.75%	308	0.8%	\$126.34	0.6%	\$6.00
15	-12.4	-10.8	4.45%	371	1.0%	\$118.19	0.6%	\$5.26
14	-10.8	-9.2	4.15%	430	1.2%	\$183.40	0.9%	\$7.61
13	-9.2	-7.6	3.85%	523	1.4%	\$213.96	1.1%	\$8.24
12	-7.6	-6.0	3.55%	588	1.6%	\$236.38	1.2%	\$8.39
11	-6.0	-4.4	3.25%	725	2.0%	\$356.61	1.7%	\$11.59
10	-4.4	-2.8	2.95%	873	2.4%	\$466.65	2.3%	\$13.77
9	-2.8	-1.2	2.65%	1,120	3.1%	\$855.87	4.2%	\$22.68
8	-1.2	0.4	2.35%	1,372	3.8%	\$1,041.31	5.1%	\$24.47
7	0.4	2.0	2.05%	1,639	4.5%	\$2,047.98	10.0%	\$41.98
6	2.0	3.6	1.75%	2,080	5.7%	\$3,392.93	16.6%	\$59.38
5	3.6	5.2	1.45%	2,472	6.8%	\$3,806.61	18.8%	\$55.20
4	5.2	6.8	1.15%	2,984	8.2%	\$3,266.59	16.0%	\$37.57
3	6.8	8.4	0.85%	3,213	8.9%	\$1,642.46	8.1%	\$13.96
2	8.4	10.0	0.55%	3,074	8.5%	\$670.43	3.3%	\$3.69
1	10.0	>	0.25%	10,569	29.2%	\$652.09	3.2%	\$1.63
Total Eligible Employers				36,262	100.0%	\$20,378.00	100.0%	\$390.26
New Employers				2,953		\$1,786.00		\$52.69
TOTAL				57,335		\$22,164.00		\$442.95
AVERAGE UI RATE							2.00%	
CEP							0.05%	
TOTAL TAX RATE							2.05%	

AVERAGE UI RATE

2.00%

CEP

0.05%

TOTAL TAX RATE

2.05%



CALENDAR YEAR 2012

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)
	From	To		#	%	(\$MILL)	%	
18	<	-14.0	5.40%	3,921	10.8%	\$1,283.81	6.3%	\$69.33
17	-14.0	-12.4	5.05%	308	0.8%	\$126.34	0.6%	\$6.38
16	-12.4	-10.8	4.75%	371	1.0%	\$118.19	0.6%	\$5.61
15	-10.8	-9.2	4.45%	430	1.2%	\$183.40	0.9%	\$8.16
14	-9.2	-7.6	4.15%	523	1.4%	\$213.96	1.0%	\$8.88
13	-7.6	-6.0	3.85%	588	1.6%	\$236.38	1.2%	\$9.10
12	-6.0	-4.4	3.55%	725	2.0%	\$356.61	1.7%	\$12.66
11	-4.4	-2.8	3.25%	873	2.4%	\$466.65	2.3%	\$15.17
10	-2.8	-1.2	2.95%	1,120	3.1%	\$855.87	4.2%	\$25.25
9	-1.2	0.4	2.65%	1,372	3.8%	\$1,041.31	5.1%	\$27.59
8	0.4	2.0	2.35%	1,639	4.5%	\$2,047.98	10.0%	\$48.13
7	2.0	3.6	2.05%	2,080	5.7%	\$3,392.93	16.7%	\$69.56
6	3.6	5.2	1.75%	2,472	6.8%	\$3,806.61	18.7%	\$66.62
5	5.2	6.8	1.45%	2,984	8.2%	\$3,266.59	16.0%	\$47.37
4	6.8	8.4	1.15%	3,213	8.9%	\$1,642.46	8.1%	\$18.89
3	8.4	10.0	0.85%	3,074	8.5%	\$670.43	3.3%	\$5.70
2	10.0	11.6	0.55%	3,220	8.9%	\$309.74	1.5%	\$1.70
1	11.6	>	0.25%	7,349	20.4%	\$342.35	1.8%	\$0.86
Total Eligible Employers				36,262	100.0%	\$20,378.00	100.0%	\$446.96
New Employers				2,1073		\$1,786.00		\$52.69
TOTAL				57,335		\$22,164.00		\$499.65
AVERAGE UI RATE							2.25%	
CEP							0.05%	
TOTAL TAX RATE							2.30%	



ESTIMATED REVENUE AND EMPLOYER DISTRIBUTION
CALENDAR YEAR 2012

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)
	From	To		#	%	(\$MILL)	%	
18	<	-12.5	5.40%	4,203	11.6%	\$1,399.96	6.9%	\$75.60
17	-12.5	-10.9	5.05%	377	1.0%	\$126.34	0.6%	\$6.38
16	-10.9	-9.3	4.75%	415	1.1%	\$181.36	0.9%	\$8.61
15	-9.3	-7.7	4.45%	521	1.4%	\$207.85	1.0%	\$9.25
14	-7.7	-6.1	4.15%	581	1.6%	\$234.34	1.2%	\$9.72
13	-6.1	-4.5	3.85%	709	2.0%	\$346.42	1.7%	\$13.34
12	-4.5	-2.9	3.55%	865	2.4%	\$458.50	2.3%	\$16.28
11	-2.9	-1.3	3.25%	1,109	3.1%	\$843.64	4.1%	\$27.42
10	-1.3	0.3	2.95%	1,342	3.7%	\$1,004.63	4.9%	\$29.64
9	0.3	1.9	2.65%	1,650	4.6%	\$1,970.55	9.7%	\$52.22
8	1.9	3.5	2.35%	2,036	5.6%	\$3,386.82	16.6%	\$79.59
7	3.5	5.1	2.05%	2,440	6.7%	\$3,747.60	18.4%	\$76.38
6	5.1	6.7	1.75%	2,954	8.1%	\$3,407.20	16.7%	\$59.63
5	6.7	8.3	1.45%	3,221	8.9%	\$1,701.56	8.4%	\$24.67
4	8.3	9.9	1.15%	3,094	8.5%	\$692.85	3.4%	\$7.97
3	9.9	11.5	0.85%	3,155	8.7%	\$315.85	1.5%	\$2.68
2	11.5	13.1	0.55%	2,992	8.3%	\$146.72	0.7%	\$0.81
1	13.1	>	0.25%	4,598	12.7%	\$205.81	1.0%	\$0.51
Total Eligible Employers				36,262	100.0%	\$20,378.00	100.0%	\$500.70
New Employers				2,1073		\$1,786.00		\$52.69
TOTAL				57,335		\$22,164.00		\$553.39
AVERAGE UI RATE							2.50%	
CEP							0.05%	
TOTAL TAX RATE							2.55%	



**ESTIMATED REVENUE AND EMPLOYER DISTRIBUTION
CALENDAR YEAR 2012**

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)
	From	To		#	%	(\$MILL)	%	
18	<	-10.9	5.40%	4,580	12.6%	\$1,528.35	7.5%	\$82.53
17	-10.9	-9.3	5.05%	415	1.1%	\$181.36	0.9%	\$9.16
16	-9.3	-7.7	4.75%	521	1.4%	\$207.85	1.0%	\$9.87
15	-7.7	-6.1	4.45%	581	1.6%	\$234.34	1.1%	\$10.43
14	-6.1	-4.5	4.15%	709	2.0%	\$346.42	1.7%	\$14.38
13	-4.5	-2.9	3.85%	865	2.4%	\$458.50	2.2%	\$17.65
12	-2.9	-1.3	3.55%	1,109	3.1%	\$843.64	4.1%	\$29.95
11	-1.3	0.3	3.25%	1,342	3.7%	\$1,004.63	4.9%	\$32.65
10	0.3	1.9	2.95%	1,650	4.6%	\$1,970.55	9.7%	\$58.13
9	1.9	3.5	2.65%	2,036	5.6%	\$3,386.82	16.6%	\$89.75
8	3.5	5.1	2.35%	2,440	6.7%	\$3,747.59	18.4%	\$87.54
7	5.1	6.7	2.05%	2,954	8.1%	\$3,407.20	16.7%	\$69.85
6	6.7	8.3	1.75%	3,221	8.9%	\$1,701.56	8.3%	\$29.78
5	8.3	9.9	1.45%	3,094	8.5%	\$692.85	3.4%	\$10.05
4	9.9	11.5	1.15%	3,155	8.7%	\$315.85	1.5%	\$3.63
3	11.5	13.1	0.85%	2,992	8.3%	\$146.72	0.7%	\$1.25
2	13.1	14.7	0.55%	1,426	3.9%	\$63.17	0.3%	\$0.35
1	14.7	>	0.25%	3,172	8.8%	\$140.60	1.0%	\$0.35
Total Eligible Employers				36,262	100.0%	\$20,378.00	100.0%	\$557.30
New Employers				20,831		\$1,786.00		\$52.69
TOTAL				57,093		\$22,164.00		\$609.99
AVERAGE UI RATE							2.75%	
CEP							0.05%	
TOTAL TAX RATE							2.80%	

AVERAGE UI RATE

2.75%

CEP

0.05%

TOTAL TAX RATE

2.80%



ESTIMATED REVENUE AND EMPLOYER DISTRIBUTION
CALENDAR YEAR 2012

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)
	From	To		#	%	(\$MILL)	%	
18	<	-9.3	5.40%	4,995	13.8%	\$1,709.71	8.4%	\$92.32
17	-9.3	-7.7	5.05%	521	1.4%	\$207.85	1.0%	\$10.50
16	-7.7	-6.1	4.75%	581	1.6%	\$234.34	1.2%	\$11.13
15	-6.1	-4.5	4.45%	709	2.0%	\$346.42	1.7%	\$15.42
14	-4.5	-2.9	4.15%	865	2.4%	\$458.50	2.3%	\$19.03
13	-2.9	-1.3	3.85%	1,109	3.1%	\$843.64	4.1%	\$32.48
12	-1.3	0.3	3.55%	1,342	3.7%	\$1,004.63	4.9%	\$35.66
11	0.3	1.9	3.25%	1,650	4.6%	\$1,970.55	9.7%	\$64.04
10	1.9	3.5	2.95%	2,036	5.6%	\$3,386.82	16.6%	\$99.91
9	3.5	5.1	2.65%	2,440	6.7%	\$3,747.59	18.4%	\$98.72
8	5.1	6.7	2.35%	2,954	8.1%	\$3,407.20	16.7%	\$80.07
7	6.7	8.3	2.05%	3,221	8.9%	\$1,701.56	8.4%	\$34.88
6	8.3	9.9	1.75%	3,094	8.5%	\$692.85	3.4%	\$12.12
5	9.9	11.5	1.45%	3,155	8.7%	\$315.85	1.5%	\$4.58
4	11.5	13.1	1.15%	2,992	8.3%	\$146.72	0.7%	\$1.69
3	13.1	14.7	0.85%	1,426	3.9%	\$63.17	0.3%	\$0.54
2	14.7	16.3	0.55%	738	2.0%	\$32.60	0.2%	\$0.18
1	16.3	>	0.25%	2,434	6.7%	\$108.00	0.5%	\$0.27
Total Eligible Employers				36,262	100.0%	\$20,378.00	100.0%	\$613.54
New Employers				<u>21,073</u>		<u>\$1,786.00</u>		<u>\$52.69</u>
TOTAL				57,335		\$22,164.00		\$666.23
AVERAGE UI RATE							<u>3.00%</u>	
CEP							0.05%	
TOTAL TAX RATE							3.05%	



SUMMARY

Estimated Distribution of Employers
Calendar Year 2012

Page #	1	2	3	4	5
Range of Reserve Ratios	-15.6 10	-14 11.6	-12.5 13.1	-10.9 14.7	-9.3 16.3
Increments	1.6	1.6	1.6	1.6	1.6
Average UI Rate	2.00%	2.25%	2.50%	2.75%	3.00%
CEP	0.05%	0.05%	0.05%	0.05%	0.05%
Total	2.05%	2.30%	2.55%	2.80%	3.05%
REVENUE	\$442.95	\$499.65	\$553.39	\$609.99	\$666.23

ELIGIBLE EMPLOYERS

5.40%	3,613	3,921	4,203	4,580	4,995
5.05%	308	308	377	415	521
4.75%	308	371	415	521	581
4.45%	371	430	521	581	709
4.15%	430	523	581	709	865
3.85%	523	588	709	865	1,109
3.55%	588	725	865	1,109	1,342
3.25%	725	873	1,109	1,342	1,650
2.95%	873	1,120	1,342	1,650	2,036
2.65%	1,120	1,372	1,650	2,036	2,440
2.35%	1,372	1,639	2,036	2,440	2,954
2.05%	1,639	2,080	2,440	2,954	3,221
1.75%	2,080	2,472	2,954	3,221	3,094
1.45%	2,472	2,984	3,221	3,094	3,155
1.15%	2,984	3,213	3,094	3,155	2,992
0.85%	3,213	3,074	3,155	2,992	1,426
0.55%	3,074	3,220	2,992	1,426	738
0.25%	10,569	7,349	4,598	3,172	2,434
Total	36,262	36,262	36,262	36,262	36,262

