

## UNEMPLOYMENT INSURANCE TAX

### DESCRIPTION

*The unemployment insurance tax is levied on the wages paid by employers to employees as a way of setting aside reserves that can be used to offset the financial hardships caused by unemployment. The standard tax rate is 5.40%, and it is imposed on the first \$7,000 of wages per employee. The tax rate is reduced for employers that have paid more in unemployment insurance taxes in the previous year than they have paid out in unemployment benefits. Employer tax payments are deposited in the Unemployment Compensation Fund and are used to pay benefits to unemployed persons.*

### TAX YIELD

<u>Fiscal Year</u>	<u>Total Collections</u>	<u>Unemployment Insurance Contributions</u>	<u>Reimbursement Payments In Lieu of Tax</u>	<u>Federal Reimbursements</u>
1997-98	\$212,382,985	\$199,086,537	\$8,009,523	\$5,286,925
1998-99 Est.	\$194,212,006	\$182,379,974	\$7,138,106	\$4,693,926

DISTRIBUTION: Unemployment Compensation Fund

There were no changes enacted to this tax in 1999.

[Click here to return to contents page](#)