

STATE OF NEVADA

Department of Employment, Training and Rehabilitation

EMPLOYMENT SECURITY DIVISION

2017

TAX SCHEDULE EXPLANATION

For

Unemployment Insurance

Edgar Roberts – Chief of Contributions

Employment Security Council Meeting and Regulation Workshop

October 3, 2016



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 3, 2016 – Employment Security Council Meeting and Regulation Workshop to provide a recommendation for the 2017 tax schedule to ESD Administrator
- ❑ ESD will submit a proposed regulation to LCB
- ❑ October 27, 2016 – Small Business Workshop
- ❑ December 8, 2016 – Public Hearing Adoption of annual regulation (NAC 612.270) by December 31, 2016



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% X \$7,000 = \$42 per employee**
- ❑ **As of 2013, Nevada's bonding solution has restored the full FUTA credit for Nevada employers.**
- ❑ **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**
2015 - \$27,800
2016 - \$28,200
2017 - \$29,500

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



Eligible Employer Rates

Rate Class	Rate	2016 Maximum Cost Per Employee Taxable Limit \$28,200	2017 Maximum Cost Per Employee Taxable Limit \$29,500
18	5.40%	\$1,522.80	\$1,593.00
17	5.05%	\$1,424.10	\$1,489.75
16	4.75%	\$1,339.50	\$1,401.25
15	4.45%	\$1,254.90	\$1,312.75
14	4.15%	\$1,170.30	\$1,224.25
13	3.85%	\$1,085.70	\$1,135.75
12	3.55%	\$1,001.10	\$1,047.25
11	3.25%	\$ 916.50	\$ 958.75
10	2.95%	\$ 831.90	\$ 870.25
9	2.65%	\$ 747.30	\$ 781.75
8	2.35%	\$ 662.70	\$ 693.25
7	2.05%	\$ 578.10	\$ 604.75
6	1.75%	\$ 493.50	\$ 516.25
5	1.45%	\$ 408.90	\$ 427.75
4	1.15%	\$ 324.30	\$ 339.25
3	0.85%	\$ 239.70	\$ 250.75
2	0.55%	\$ 155.10	\$ 162.25
1	0.25%	\$ 70.50	\$ 73.75



RESERVE RATIO

CONTRIBUTIONS PAID (MINUS) BENEFITS CHARGED

(DIVIDED BY)

AVERAGE TAXABLE PAYROLL FOR PRIOR 3 YEARS

(2013, 2014, 2015)

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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 2017**

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)
	From	To		#	%	(\$MILL)	%	
18	<	-12.1	5.40%	2987	6.7%	\$1,169.24	4.1%	\$63.14
17	-12.1	-10.5	5.05%	225	0.5%	\$68.35	0.2%	\$3.45
16	-10.5	-8.9	4.75%	242	0.5%	\$114.60	0.4%	\$5.44
15	-8.9	-7.3	4.45%	293	0.7%	\$86.82	0.3%	\$3.86
14	-7.3	-5.7	4.15%	395	0.9%	\$181.75	0.6%	\$7.54
13	-5.7	-4.2	3.85%	458	1.0%	\$179.12	0.6%	\$6.90
12	-4.2	-2.6	3.55%	579	1.3%	\$368.90	1.3%	\$13.10
11	-2.6	-1.0	3.25%	714	1.6%	\$398.32	1.4%	\$12.95
10	-1.0	0.6	2.95%	1198	2.7%	\$679.36	2.4%	\$20.04
9	0.6	2.2	2.65%	1318	2.9%	\$989.19	3.5%	\$26.21
8	2.2	3.8	2.35%	2011	4.5%	\$1,427.34	5.0%	\$33.54
7	3.8	5.4	2.05%	2715	6.1%	\$3,648.46	12.8%	\$74.79
6	5.4	7.0	1.75%	3904	8.7%	\$5,210.08	18.3%	\$91.18
5	7.0	8.6	1.45%	4796	10.7%	\$7,045.22	24.8%	\$102.16
4	8.6	10.2	1.15%	5913	13.2%	\$4,368.43	15.4%	\$50.24
3	10.2	11.8	0.85%	6039	13.5%	\$1,629.33	5.7%	\$13.85
2	11.8	13.3	0.55%	5254	11.7%	\$490.58	1.7%	\$2.70
1	13.3	>	0.25%	5790	12.9%	\$344.91	1.2%	\$0.86

Total Eligible Employers		44,831	100.0%	\$28,400.00	100.0%	\$531.95
New Employers	2.95%	23,558		\$2200.00		\$64.90
TOTAL		68,389		\$30,600.00		\$596.85

Average UI Rate: 1.95% C.E.P.: 0.05% Bond Rate: 0.63% TOTAL TAX RATE: 2.63%



**ESTIMATED REVENUE AND EMPLOYER DISTRIBUTION
CALENDAR YEAR 2017**

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)
	From	To		#	%	(\$MILL)	%	
18	<	-11.2	5.40%	3113	6.9%	\$1,207.44	4.3%	\$65.20
17	-11.2	-9.6	5.05%	228	0.5%	\$99.91	0.4%	\$5.05
16	-9.6	-8.0	4.75%	268	0.6%	\$92.95	0.3%	\$4.42
15	-8.0	-6.4	4.45%	353	0.8%	\$133.26	0.5%	\$5.93
14	-6.4	-4.8	4.15%	411	0.9%	\$154.87	0.5%	\$6.43
13	-4.8	-3.3	3.85%	540	1.2%	\$362.21	1.3%	\$13.95
12	-3.3	-1.7	3.55%	647	1.4%	\$338.31	1.2%	\$12.01
11	-1.7	-0.1	3.25%	859	1.9%	\$484.35	1.7%	\$15.74
10	-0.1	1.5	2.95%	1349	3.0%	\$717.50	2.5%	\$21.17
9	1.5	3.1	2.65%	1727	3.9%	\$1,398.51	4.9%	\$37.06
8	3.1	4.7	2.35%	2333	5.2%	\$2,067.76	7.3%	\$48.59
7	4.7	6.3	2.05%	3382	7.5%	\$4,932.95	17.4%	\$101.13
6	6.3	7.9	1.75%	4530	10.1%	\$6,775.12	23.9%	\$118.56
5	7.9	9.5	1.45%	5468	12.2%	\$5,655.93	19.9%	\$82.01
4	9.5	11.1	1.15%	6103	13.6%	\$2,700.74	9.5%	\$31.06
3	11.1	12.7	0.85%	6388	14.2%	\$798.39	2.8%	\$6.79
2	12.7	14.2	0.55%	2466	5.5%	\$211.01	0.7%	\$1.16
1	14.2	>	0.25%	4666	10.4%	\$268.78	0.9%	\$0.67

Total Eligible Employers		44,831	100.0%	\$28,400.00	100.0%	\$576.93
New Employers	2.95%	23,558		\$2,200.00		\$64.90

TOTAL		68,389		\$30,600.00		\$641.83
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Average UI Rate: 2.10% C.E.P.: 0.05% Bond Rate: 0.63% TOTAL TAX RATE: 2.78%



