



State unemployment insurance wage bases for 2020

State unemployment insurance (SUI) trust funds are largely financed by employer contributions (except in Alaska, New Jersey and Pennsylvania, where employees also make contributions). States are required to maintain a SUI wage base of no less than the limit set under FUTA. The 2020 FUTA wage base of \$7,000 has remained unchanged since 1983, despite increases in the federal minimum wage and annual cost-of-living adjustments over the last 36 years.

Some states are conservative in their approach to maintaining adequate SUI trust fund reserves. Consequently, the SUI wage base is flexible, meaning it is indexed to the average wage or varies based on the trust fund balance. According to the U.S. Department of Labor, 23 states and the Virgin Islands had a flexible wage base in 2019. Conversely, in 2019, the wage base was fixed in 27 states and Puerto Rico. (*U.S. Department of Labor, [Comparison of State Unemployment Laws, 2019.](#)*)

The strain on SUI trust fund reserves in the last decade sparked numerous changes in state laws. Now, only three jurisdictions continue to have a fixed wage base of \$7,000 (Arizona, California and Puerto Rico, though Puerto Rico passed legislation that allows the taxable wage base to increase to as much as \$10,500 at the Secretary's discretion), compared to seven in 2010.

(Note that in Louisiana and Tennessee, the SUI wage base can decrease to \$7,000 when the trust fund reaches a certain level, and in Florida the taxable wage base reverted to \$7,000 beginning in 2015.)

A preliminary look at the 2020 state unemployment taxable wage bases

Following is a preliminary list of the 2020 state unemployment insurance (SUI) taxable wage bases (as compared to 2019) and employee SUI withholding rates, if applicable. Wage bases shown in bold changed from the prior year.

SUI taxable wage bases, 2020 vs. 2019				
State	2020	2019	% increase or decrease	2019 employee contribution rates
Alabama	8,000*	8,000*		
Alaska	41,500	39,900	4.01%	Employee SUI withholding rate is 0.5% on wages up to \$41,500
Arizona	7,000*	7,000*		
Arkansas**	7,000	10,000	(30%)	
California	7,000*	7,000*		
Colorado	13,600	13,100	3.82%	
Connecticut	15,000*	15,000*		
Delaware**	16,500	16,500		
District of Columbia	9,000*	9,000*		

Florida	7,000	7,000		
Georgia	9,500*	9,500*		
Hawaii	48,100	46,800	2.78%	
Idaho	41,600	40,000	4.0%	
Illinois	12,740	12,960	(2.0%)	
Indiana	9,500*	9,500*		
Iowa	31,600	30,600	3.27%	
Kansas	14,000*	14,000*		
Kentucky**	10,800	10,500	2.86%	
Louisiana	7,700	7,700		
Maine	12,000*	12,000*		
Maryland	8,500*	8,500*		
Massachusetts	15,000*	15,000*		
Michigan**	9,000	9,000		
Minnesota	35,000	34,000	2.94%	
Mississippi	14,000*	14,000*		
Missouri	11,500	12,000	(4.0%)	
Montana	34,100	33,000	3.33%	
Nebraska**	9,000/ 24,000*	9,000*		
Nevada	32,500	31,200	4.17%	
New Hampshire	14,000*	14,000*		
New Jersey**	35,300	34,400	2.62%	Employee SUI withholding rate is 0.425% on wages up to \$35,300
New Mexico	TBD	24,800		
New York**	11,600	11,400	1.75%	
North Carolina	25,200	24,300	3.70%	

North Dakota	TBD	36,400		
Ohio**	9,000*	9,500	(5.2%)	
Oklahoma	18,700	18,100	3.31%	
Oregon	42,100	40,600	3.69%	
Pennsylvania	10,000*	10,000*		Employee SUI withholding 0.06% on total wages
Puerto Rico**	TBD	7,000		
Rhode Island**	24,000/	23,600/	1.69%	
	25,500	25,100		
South Carolina	14,000	14,000		
South Dakota	15,000	15,000		
Tennessee**	TBD	7,000		
Texas	9,000*	9,000*		
Utah	36,600	35,300	3.68%	
Vermont	16,100	15,600	3.21%	
Virginia	8,000*	8,000*		
Virgin Islands	TBD	26,500		
Washington	52,700	49,800	5.82%	
West Virginia	12,000*	12,000*		
Wisconsin	14,000*	14,000*		
Wyoming	26,400	25,400	3.94%	
FUTA	7,000*	7,000*		

* Law sets the taxable wage base; legislation would be necessary to change.

** See footnote below.

Arkansas

2019 legislation (SB 298/Act 512) year changes the way that Arkansas determines the SUI wage base starting with tax years after 2019. The SUI wage base, set by law at \$10,000 for 2018–2019, will now be determined each year by the average seasonally unadjusted UI benefit rate for the preceding fiscal year (July 1 through June 30). Depending on the UI benefit rate, the SUI wage base could range from \$7,000 to \$10,000. In addition, during times when the UI trust fund balance falls below a specified level, the SUI wage base could increase to \$11,000 or \$12,000. UI benefit conditions are so favorable that the 2020 SUI taxable wage base will drop to \$7,000, down from \$10,000 for 2019.

Delaware

2013 legislation (*HB 168*) increased the SUI taxable wage base to a minimum of \$10,500 and a maximum of \$18,500 by tying the wage limit to the balance of the state's unemployment trust fund — the higher the trust fund balance, the lower the taxable wage base. 2019 legislation (*HB 198*) freezes the taxable wage base at \$16,500 for 2020 (under the bill language from July 1, 2019 to October 29, 2020) so the Division of Unemployment Insurance and the Unemployment Compensation Advisory Council may determine whether the formula used to calculate the annual figure should be revised.

Kentucky

The taxable wage base was expected to continue to increase by \$300 each calendar year until it reaches \$12,000 in 2022; however, the taxable wage base for 2017–2018 remained at \$10,200 because the UI trust fund balance exceeded \$200 million as of the prior September 30. The SUI taxable wage base increased to \$10,500 for 2019 and to \$10,800 for 2020.

Michigan

2015 SB 500 set the taxable wage base to \$9,000 for any calendar year that the UI trust fund balance exceeds \$2.5 billion as of the previous June 30 (\$9,500 for delinquent employers). Based on a UI trust fund balance of \$4,626,453,952 as of June 30, 2019, the SUI taxable wage base should continue to be \$9,000 for calendar year 2020 for non-delinquent employers, although the Michigan UI agency has not yet announced the taxable wage base for 2020.

Nebraska

2019 legislation (*LB 428*) increases the SUI taxable wage base to \$24,000 for employers assigned the maximum rate (5.4% for calendar year 2019). This change is effective for calendar year 2020. The taxable wage base remains \$9,000 for all other employers.

New Jersey

Employee rate includes the Workforce Development/Supplemental Workforce Funds surcharge.

New York

The taxable wage base will continue to increase as follows: 2021 — \$11,800; 2022 — \$12,000; 2023 — \$12,300; 2024 — \$12,500; 2025 — \$12,800; 2026 — \$13,000; for each year thereafter, computed as 16% of the state's average annual wage.

Ohio

2016 legislation (*SB 235*) increased the SUI taxable wage base to \$9,500 for calendar years 2018–2019. The taxable wage base reverts to \$9,000 effective January 1, 2020 (unless changed by future legislation).

Puerto Rico

2017 legislation grants the territory's Secretary of Labor the discretion to increase the taxable wage base to as much as \$10,500 if deemed necessary.

Rhode Island

Negative-balanced employers assigned the maximum tax rate will have a taxable wage base that is \$1,500 higher than other employers (e.g., because the 2020 taxable wage base is \$24,000, these negative-balanced employers will pay taxes on the first \$25,500 in wages).

Tennessee

Under Tennessee UI law, if the UI trust fund balance on December 31 of any year is less than \$900 million, the taxable wage base is \$9,000. If the trust fund balance is over \$900 million, but less than \$1 billion on December 31, the taxable wage base is \$8,000. If the trust fund balance is over \$1 billion on December 31, the taxable wage base is \$7,000. The Tennessee UI trust fund balance as of November 30, 2019, was \$1,278,357,436. If the balance remains above \$1 billion as of December 31, 2019, the 2020 taxable wage base will remain \$7,000.