

2010 Unemployment Compensation Tax Rates Fact Sheet

- Current economic conditions have increased the level of unemployment in Florida, and consequently, the amount of unemployment benefits that the state is paying to unemployed citizens. Florida's seasonally adjusted unemployment rate for September was 11%. The last time it was this high was October 1975.
- Florida pays benefits from the Unemployment Compensation Trust Fund which is funded by the unemployment compensation tax paid by Florida employers. At the end of the 4th quarter of 2008, the UC Trust Fund balance was over \$1.3 billion, As of June 30, 2009, the balance was just under \$450 million.
- On August 24, 2009, the balance in the trust fund fell to zero and Florida began borrowing from the federal government to pay unemployment compensation benefits. Currently, Florida is borrowing approximately \$300 million per month.
- When the trust fund falls below a certain threshold, Florida law annually adjusts the unemployment tax rates on businesses to rebuild the balance in the trust fund. This "automatic trigger" is contained in Section 443.131(3)(e)1.c., Florida Statutes, and the trigger occurs if the balance in the fund falls below 4% of the total taxable payroll in the most recent state fiscal year.
- The trust fund balance as of June 30, 2009 was \$449,475,280.80 which is .8992% of the fiscal year 2008-2009 taxable payroll of \$49,983,873,885.15.
- Since the balance was lower than 4% of the taxable payroll on June 30, 2009, the automatic trigger will significantly increase the 2010 unemployment tax rates. Rates are generally calculated using a formula that considers each employer's employment experience, i.e. amount of benefits paid to ex-employees and charged to that employer's account, in relation to the amount of payroll on which tax has been paid.
- Statutory changes enacted in 2009 increased an employee's taxable wages from \$7,000 to \$8,500 for the 2010 rates.
- Current rates (based on annual salary up to \$7,000 per employee):

Minimum rate:	0.0012 or \$8.40 per employee
Maximum rate:	0.0540 or \$378 per employee
- New rates effective January 1, 2010 (based on annual salary up to \$8,500 per employee):

Minimum rate:	0.0118 or \$100.30 per employee
Maximum rate:	0.0540 or \$459 per employee
- Notices of business's individual rates will be distributed in November or December 2009 and are effective for wages paid on or after January 1, 2010.