

Texas Workforce Press Release

FOR IMMEDIATE RELEASE

DATE: December 20, 2016

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Texas Workforce Commission sets employer tax rates for 2017

AUSTIN – The Texas Workforce Commission (TWC) today announced the average Unemployment Insurance (UI) tax rate for all employers will be 1.64 percent for Calendar Year (CY) 2017, up slightly from 1.46 percent in CY 2016. The average tax rate for experience-rated employers is 1.51 percent for CY 2017, and is up from 1.30 percent in CY 2016.

The minimum tax rate is paid by 302,738 employers, which represents 69.4 percent of experience-rated employers. The standard minimum UI tax rate paid by Texas employers in CY 2017 will be 0.59 percent, which is up from 0.45 percent in CY 2016. These employer-paid UI taxes replenish the Texas Unemployment Compensation Trust Fund, which provides temporary income for Texas workers who lose their jobs through no fault of their own.

An experience rating is determined by the amount of an employer's taxable wages and the amount of UI benefits that have been paid to former employees and charged to the employer's account for the last three years. An employer paying the standard minimum tax will pay \$ 53.10 per employee in CY 2017 compared with \$40.50 per employee in CY 2016. The maximum UI tax rate, paid by 3.7 percent of Texas employers, will be 8.21 percent, increasing from CY 2016 at 7.47 percent.

TWC is dedicated to finding ways to lower the financial impact of UI taxes on Texas employers. TWC and its [28 local workforce boards](#) also are committed to helping UI claimants return to work as soon as possible. Through automated processes and database cross matches with state and federal agencies, TWC continues to strengthen and improve efforts to detect and prevent UI fraud. TWC pledges to continue efforts to keep taxes as low as possible and minimize the effects on Texas employers.

Although the Texas economy remains stable, Unemployment Insurance benefit payments outpaced tax collections this year which resulted in a deficit ratio of .10% in 2017 and a slight increase in the replenishment tax rate. The components of the CY 2017 tax rate are as follows:

- The **general tax** rate is based on claims against an employer's account. If TWC has paid benefits to former employees who were laid off or separated through no fault of their own in the past three years, then those employers will pay a general tax.
- The **replenishment tax** rate is charged to all experience-rated employers to cover unemployment claims not charged to a specific employer. This tax tends to rise following economic slowdowns when claims increase and businesses close.
- The **deficit tax** rate is charged to all employers experienced-rated when the Trust Fund balance falls below the statutory level. It is experienced-rated based on the employer's 2016 general tax and replenishment tax rates.

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- The **employment training assessment (ETIA)** is imposed on each employer paying contributions under the Texas Unemployment Compensation Act as a separate assessment of 0.10 percent of wages paid by an employer. Money from the assessment is deposited to the credit of the employment and training investment holding fund.
- The **obligation assessment tax** rate is collected to repay bond obligations. This tax is experience-rated and based on an employer's tax rate from the prior year. The bonds scheduled to retire in July 2017 will eliminate the need for an obligation assessment tax after 2017.

Year	Taxable Wage Base	Minimum Tax Rate	Maximum Tax Rate	Average Tax Rate	Average Experience Tax Rate
2017	\$9,000	0.59%	8.21%	1.64%	1.51%
2016	\$9,000	0.45%	7.47%	1.46%	1.30%
2015	\$9,000	0.47%	7.49%	1.54%	1.40%
2014	\$9,000	0.51%	7.41%	1.66%	1.54%
2013	\$9,000	0.54%	7.35%	1.82%	1.71%
2012	\$9,000	0.61%	7.58%	1.96%	1.87%
2011	\$9,000	0.78%	8.25%	2.03%	1.96%
2010	\$9,000	0.72%	8.60%	1.83%	1.74%
2009	\$9,000	0.26%	6.26%	0.99%	0.78%
2008	\$9,000	0.10%	6.10%	0.92%	0.65%
2007	\$9,000	0.29%	7.70%	1.30%	1.13%
2006	\$9,000	0.40%	7.64%	1.51%	1.37%
2005	\$9,000	0.58%	8.02%	1.74%	1.63%
2004	\$9,000	0.67%	8.26%	1.74%	1.64%
2003	\$9,000	0.67%	8.47%	1.68%	1.56%

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The Texas Workforce Commission is a state agency dedicated to helping Texas employers, workers and communities prosper economically. For details on TWC and the services it offers in coordination with its network of local workforce development boards, call 512-463-8942 or visit www.texasworkforce.org. To receive notifications about TWC programs and services subscribe to our email updates.