

Texas Workforce Press Release

FOR IMMEDIATE RELEASE

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Average Unemployment Insurance Tax Rates Decrease for Texas Employers

Texas Workforce Commission sets employer tax rates for 2016

AUSTIN – With the continued positive economic growth in Texas, the Texas Workforce Commission (TWC) today announced the average Unemployment Insurance (UI) tax rate for all employers will be 1.46 percent for Calendar Year (CY) 2016, down from 1.54 percent in CY 2015. The average tax rate for experience-rated employers is 1.30 percent for CY 2016, and is down from 1.40 percent in CY 2015.

The minimum tax rate is paid by 292,023 employers, which represents 68.5 percent of experience-rated employers. The standard minimum UI tax rate paid by Texas employers in CY 2016 will be 0.45 percent, which is down from 0.47 percent in CY 2015. 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 \$40.50 per employee in CY 2016 compared with \$42.30 per employee in CY 2015. The maximum UI tax rate, paid by 3.9 percent of Texas employers, will be 7.47 percent, decreasing from CY 2015 at 7.49 percent.

In setting tax rates for CY 2016, TWC sought to minimize the effects of any increases and exercise the authority given to it by state law to hold the tax rates to the lowest and most predictable rates possible.

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.

The components of the CY 2016 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 **employment training assessment** is charged to all employers who are eligible for a computed tax rate to finance the Skills Development Fund. The employment training assessment calculation is a separate line item on the Employer's Quarterly Tax Report.
- 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.

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Year	Taxable Wage Base	Minimum Tax Rate	Maximum Tax Rate	Average Tax Rate	Average Experience Tax Rate
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%

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.

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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](#).