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Louisiana legislation freezes the 2023 SUI taxable wage base at 2021-2022 level

Summary

- Louisiana legislation freezes the state unemployment insurance (SUI) at \$7,700 for an additional year, through 2023.
- As in 2021, the solvency tax of up to 30% that is added to employers' SUI tax rates was suspended for 2022 as it was in 2021. An imposition of the solvency tax may not be necessary in 2023 due to the state's recovering trust fund balance.
- The state repaid its outstanding federal unemployment insurance (FUTA) loan balance, thus sparing Louisiana employers a 0.3% FUTA credit reduction in 2022.

Recently enacted legislation ([HB 192/Act 116](#)) will freeze the 2023 Louisiana SUI taxable wage base at \$7,700, as has been the case for calendar years 2021-2022.

2022 SUI tax rates did not include an additional solvency tax due to legislative resolution

As we reported, the Louisiana [2022](#) SUI tax rates continue to range from 0.09% to 6.20%, with most rates listed on the state's tax table increasing by 0.01% to 0.4%, depending on the rate bracket. However, due to the adoption of a resolution in 2021 (Resolution [SCR 5](#)), employer 2022 SUI tax rates do not include an additional solvency tax of up to 30% be added to employer tax rates when the UI trust fund balance falls below \$100 million. (*EY Tax Alert [2022-0033](#), 1-7-2022; Louisiana Workforce Commission [website](#).*)

The suspension was in effect until the 60th day following the 2022 regular legislative session.

The suspension was also in effect for the 2021 SUI tax rates under [SCR 9](#), enacted in the 2020 second extraordinary session.

According to the US Department of Treasury, Louisiana's UI trust fund balance was \$321,699,559.86 as of May 31, 2022. If the balance remains this high, a resolution may not be needed to avoid the imposition of a solvency tax for calendar year 2023.

2021 legislation will reduce SUI tax rates when UI trust fund is solvent

Legislation enacted in 2021 ([HB 380/Act 316](#)) changes the state's UI law to only provide a 10% tax rate reduction when the state's UI trust fund has a balance of \$400 million (and an additional 10% reduction when the UI trust fund balance has a balance of \$1.4 billion) as of the computation date if an employer has a positive account balance. Prior to the change, all employers, even those with a negative account balance, received the 10% reduction.

2021-2023 unemployment insurance wage bases

Recently enacted legislation ([HB 192/Act 116](#)) will freeze the Louisiana SUI taxable wage base at \$7,700, as has been the case for calendar years 2021-2022.

The Louisiana 2022 SUI taxable wage base remains at \$7,700 due to 2021 legislation ([SB 89/Act 91](#)) that required the taxable wage base remain at \$7,700. Legislation enacted in 2020 ([SB 55/Act 40](#)) provided that the SUI taxable wage base remained at \$7,700 for 2021.

For more on Louisiana unemployment taxes go [here](#).

Federal UI trust fund loan repaid using federal stimulus funds

Louisiana's UI trust fund, which had a balance of over \$1 billion prior to the pandemic, became insolvent in October 2020 and the Commission began borrowing from the federal government to continue to pay UI benefits to claimants. In mid-2021, Louisiana Governor John Bel Edwards repaid the loan using federal COVID-19 stimulus funds. As a result, employers will not see a FUTA credit reduction of 0.3% for calendar year 2022.

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