





EY Payroll NewsFlash

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A preliminary look at the 2023 SUI taxable wage bases as of December 19, 2022

Highlights

- Updates to this chart will be available in our **2023 Employment tax rates and limits** report, anticipated to be available in January 2023, and updated throughout the year. You can find the report, once available, [here](#).
- 25 jurisdictions have a flexible state unemployment insurance (SUI) wage base, meaning that the wage base can increase each year. In the remaining jurisdictions, the wage base is set, requiring legislation to change it.
- Due to legislation enacted in 2020, the Colorado SUI wage base increased by 20% for 2023, the highest increase of all the jurisdictions.
- Arizona legislation increased the set wage base from \$7,000 to \$8,000 starting in 2023.
- Thus far, only three jurisdictions have lowered their wage base for 2023—Arkansas, Missouri, and Vermont.
- For the first time in many years, Pennsylvania has increased the employee SUI contribution from 0.06% to 0.07% for 2023. The tax applies to all covered wages and not just the first \$10,000. (See EY Tax Alerts [2022-1883](#) and [2022-1874](#).)
- Alaska decreased the employee SUI contribution for 2023, from 0.56% to 0.51%, with the 2023 wage base increasing to \$47,100.

SUI trust funds are largely financed by employer contributions (in Alaska, New Jersey and Pennsylvania employees also make contributions). States are required to maintain a SUI taxable wage base of no less than the limit set under the Federal Unemployment Tax Act (FUTA). The 2023 FUTA wage limit of \$7,000 has remained unchanged since 1983, despite increases in the federal minimum wage and annual cost-of-living adjustments over the last 40 years.

Some states are conservative in their approach to maintaining adequate SUI trust fund reserves. Consequently, the SUI wage base is flexible in those states, meaning, it is indexed to the average wage or varies based on the trust fund balance. According to the U.S. Department of Labor (US DOL), 25 jurisdictions had a flexible wage base in 2021 (the US DOL expects the 2022 information will be available by the end of December 2022). (U.S. Department of Labor, [Comparison of State Unemployment Laws](#).)

A preliminary look at the 2023 state unemployment taxable wage bases

Following is a preliminary list of the 2023 SUI taxable wage bases (as compared to 2022) and employee SUI withholding rates, if applicable.

Note that wage bases that have changed since our initial report on December 19, 2022 are highlighted in yellow.

SUI taxable wage bases, 2023 v. 2022 as of December 19, 2022				
State	2023 \$	2022 \$	increase or decrease	2023 employee contribution rates
Alabama	8,000*	8,000*		
Alaska	47,100	45,200	+4.2%	Employee SUI withholding rate is 0.51% (down from 0.56% in 2022) on wages up to \$47,100
Arizona **	8,000*	7,000*	+14.3%	
Arkansas **	7,000	10,000	-30.00%	
California	7,000*	7,000*		
Colorado **	20,400*	17,000*	+20.00%	
Connecticut **	15,000*	15,000*		
Delaware **	TBD	14,500		
District of Columbia	9,000*	9,000*		
Florida	7,000*	7,000*		
Georgia	9,500*	9,500*		
Hawaii	56,700	51,600	+9.88%	
Idaho	49,900	46,500	+7.31%	
Illinois	12,960 (EST)	12,960		
Indiana	9,500*	9,500*		
Iowa	36,100	34,800	+3.73%	
Kansas	14,000*	14,000*		
Kentucky **	11,100	10,800	+2.7%	
Louisiana **	7,700	7,700		
Maine	12,000*	12,000*		
Maryland	8,500*	8,500*		
Massachusetts	15,000*	15,000*		
Michigan **	9,500	9,500		

SUI taxable wage bases, 2023 v. 2022 as of December 19, 2022

State	2023 \$	2022 \$	increase or decrease	2023 employee contribution rates
Minnesota	40,000	38,000	+5.26%	
Mississippi	14,000*	14,000*		
Missouri	10,500	11,000	-4.55%	
Montana	40,500	38,100	+6.30%	
Nebraska **	9,000/24,000*	9,000/24,000*		
Nevada	40,100	36,600	+9.56%	
New Hampshire	14,000*	14,000*		
New Jersey **	41,100	39,800	+3.27%	Employee SUI withholding rate is 0.425% on wages up to \$41,100
New Mexico	30,100	28,700	+4.87%	
New York **	12,300	12,000	+2.5%	
North Carolina	29,600	28,000	+5.71%	
North Dakota	40,800	38,400	+6.25%	
Ohio **	9,000*	9,000*		
Oklahoma	25,700	24,800	+3.63%	
Oregon	50,900	47,700	+6.71%	
Pennsylvania	10,000*	10,000*		Employee SUI withholding is 0.07% on total wages, an increase from 0.06% in prior years
Puerto Rico **	7,000	7,000		
Rhode Island **	28,200/29,700	24,600/26,100	+13.79%	
South Carolina	14,000	14,000		
South Dakota	15,000	15,000		
Tennessee **	7,000 (EST)	7,000		
Texas	9,000*	9,000*		
Utah	44,800	41,600	+7.69%	
Vermont	13,500	15,500	-12.9%	
Virginia	8,000*	8,000*		
Virgin Islands	TBD	30,800		
Washington	67,600	62,500	+8.16%	
West Virginia **	9,000* (EST)	9,000*		
Wisconsin	14,000*	14,000*		
Wyoming	29,100	27,700	+5.05%	
FUTA	7,000*	7,000*		

Legend

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

** See applicable footnote below.

EST: Estimated 2023 wage base

TBD: 2023 wage base was not available as of the time of this printing

Arizona

Effective January 1, 2023, legislation ([SB 1828](#)/Chapter 412) increased the SUI taxable wage base to \$8,000, up from \$7,000. This increase is intended to fund the rise in the maximum weekly unemployment insurance (UI) benefit amount, which effective July 1, 2022, increased to \$320, up from \$240.

Arkansas

For calendar years after 2019, the wage base is determined each year based on the average seasonal unadjusted insured unemployment rate and disbursements from and the balance of the state's UI trust fund. The wage base can range from \$7,000 to \$12,000. ([Ark. Code Ann. § 11-10-215](#).)

As a result of 2021 legislation ([HB 1409](#)/Act 368), the SUI taxable wage base for calendar year 2022 remained at \$10,000, the same as it was in 2021. Absent this legislation, and due to the continuing effect on the state's UI trust fund of the COVID-19 pandemic, the SUI wage base could have increased to \$11,000 or \$12,000 for 2022.

Colorado

Legislation in 2020 ([SB 20-207](#)) held the SUI taxable wage base at \$13,600 for calendar year 2021 with incremental increases each year thereafter until it reaches \$30,600 in 2026. The 2022 SUI taxable wage base was \$17,000, then \$20,400 in 2023, \$23,800 in 2024, and \$27,200 in 2025. After 2026, the taxable wage base will be adjusted by changes in the annual average weekly wage.

Connecticut

A law passed in 2021 (HB 6633/Public Act [21-200](#)) that increases the SUI taxable wage base for calendar year 2024 to \$25,000, up from the current \$15,000. Beginning with calendar year 2025, the taxable wage base will be indexed each year for inflation.

Delaware

In 2013, legislation ([HB 168](#)) increased the SUI taxable wage base to a minimum of \$10,500 and a maximum of \$18,500 by linking 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. In 2019, legislation ([HB 198](#)) froze the taxable wage base at \$16,500 for 2020 (under the bill language from July 1, 2019 to October 29, 2020) so that the Division of Unemployment Insurance and the Unemployment Compensation Advisory Council could determine whether the formula used to calculate the annual figure should be revised.

Kentucky

The taxable wage base is expected to continue to increase by \$300 each calendar year until it reaches \$12,000.

Louisiana

Legislation enacted in 2022 ([HB 192/Act 116](#)) freezes the 2023 Louisiana SUI taxable wage base to \$7,700, as has been the case for calendar years 2021-2022. Legislation passed in 2021 ([SB 89/Act 91](#)) required that the taxable wage base remains at \$7,700 for 2022. In 2020, legislation ([SB 55/Act 40](#)) provided that the SUI taxable wage base remained at \$7,700 for 2021.

Michigan

The 2021 SUI taxable wage base increased to \$9,500 for all employers, up from the \$9,000 that had been in effect for the past several years for non-delinquent employers (\$9,500 was assigned to delinquent employers) because the MES Act provides for a reduced taxable wage base of \$9,000 if the UIA Trust Fund balance reaches or exceeds \$2.5 billion for two consecutive quarters; otherwise, the wage base is \$9,500. ([Michigan taxable wage base](#).)

Nebraska

Legislation from 2019 ([LB 428](#)) increases the SUI taxable wage base to \$24,000 for employers assigned the maximum rate. This change was effective for calendar year 2020. The taxable wage base remains \$9,000 for all other employers.

New Jersey

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

New York

The taxable wage base will continue to increase as follows: 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

Legislation enacted in 2016 ([SB 235](#)) increased the SUI taxable wage base to \$9,500 for calendar years 2018 and 2019. The taxable wage base reverted to \$9,000 effective January 1, 2020 and will remain at that amount unless changed by future legislation.

Puerto Rico

Legislation from 2017 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., for 2023, \$28,200 versus \$29,700 for negative-balanced employers).

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 above \$900 million, but less than \$1 billion on December 31, the taxable wage base is \$8,000. If the trust fund balance exceeds \$1 billion on December 31, the taxable wage base is \$7,000. If the balance remains above \$1 billion as of December 31, 2022, the 2023 taxable wage base will remain \$7,000.

West Virginia

Under current law, the wage base is lowered to \$9,000 if the unemployment trust fund is at least \$220 million on February 15 of any year. (*W. Va. Code § 21A-1A-28; Code of State Rules § 83-1-7 .1; Workforce West Virginia email notice to taxable employers, 2-17-2022.*)

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