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Vol.24, 016
March 7, 2023

Oklahoma SUI tax rates unchanged for 2023 but wage base increases; technology fund diversion does not apply in 2023; law reduces UI benefit weeks starting in 2023

Summary

- *For 2023, employers will continue to pay state unemployment insurance (SUI) tax at the highest rate allowed by law, with rates ranging from 0.3% to 9.2%.*
- *The SUI wage base increased to \$25,700, up from \$24,800 in 2022.*
- *Employers may claim the full SUI contribution on the 2023 Form 940 because the technology fund diversion ended in 2022.*
- *For 2023 and 2024, the number of weeks a claimant is eligible for unemployment insurance benefits is decreased from 26 to 16.*
- *The state repaid its federal loan balance; therefore, Oklahoma employers will not be subject to a federal unemployment insurance (FUTA) credit reduction.*

The Oklahoma Employment Security Commission (OESC) announced that the state unemployment insurance (SUI) tax rates will range from 0.3% to 9.2% on the highest rate schedule allowed by law (State Experience Factor 50% and Conditional Factor D). Conditional factors apply when the state's unemployment insurance (UI) trust fund falls to a certain level.

The rate for new employers continues at 1.5%.

The Department explained that due to the COVID-19 emergency that began in March 2020, historic levels of

benefits were paid from the UI trust fund to unemployed individuals. The resulting depletion of the trust fund has led to an experience factor of 50% and conditional factor D for 2021, 2022 and 2023. The Department states that most employers will not see an increase in their 2023 SUI tax rate. (*Oklahoma Employment Security Commission [website](#).*)

2023 SUI wage base

The 2023 SUI taxable wage base is \$25,700, up from \$24,800 in 2022.

UI benefit weeks reduced starting in 2023

Legislation enacted in 2022 ([HB 1933](#)) reduces the number of weeks of UI benefits that claimants may collect within their UI benefit year starting in 2023.

Effective January 1, 2023 through December 31, 2024, unemployed individuals may collect UI benefits for up to 16 weeks, down from the 26 weeks available through December 31, 2022. Effective January 1, 2025, UI claimants may collect between 16 to 20 weeks, depending on the state's weekly average UI claims for the 13 weeks beginning with the first week of July in the previous calendar year.

Beginning January 1, 2025, UI claims will be limited to 16 weeks if the state's average number of UI claims are at or below 5,000. Two weeks will be added to the 16 weeks for each 15,000 increment if the state's average UI insurance claims are above 5,000, up to a maximum of 20 weeks.

If the average UI claims figure exceeds 40,000 claims, the maximum duration of UI benefits will immediately be raised to 26 weeks. The maximum 26-benefit-week duration shall be in place until the UI claims figure falls below 40,000 claims, at which time the maximum duration of benefits will be determined as specified above for after January 1, 2025.

Oklahoma joins several other states (Alabama, Arizona, Arkansas, Florida, Georgia, Iowa, Kansas, Michigan, Missouri, North Carolina and South Carolina, per the US Department of Labor [2022](#) Comparison of State Unemployment Laws) that allow less than the uniform 26-week period for unemployed individuals to collect benefits during their UI benefit year.

OESC technology fund diversion ended in 2022

The law allowed the OESC to divert 5% of employers' SUI tax rates to the OESC technology fund to enable the agency to modernize its business processes and technology. The diversion was in effect for calendar years 2018-2022. Employers assigned the maximum SUI tax rate were exempt from the diversion. Reimbursing employers were also not subject to the surcharge. (*Email response to inquiry, agency representative; 2017 HB [1110](#); [40 OK Stat Section 40-6-202](#).*)

For example, in an OESC technology fund diversion, an employer assigned a tax rate of 2% would have 0.1% diverted to the new technology fund (2% times 5% = 0.1%).

The portion of the employer's tax rate that was diverted was not a certified SUI tax for federal purposes. As a result, employers could not include the diverted contributions when completing the federal Form 940 worksheet.

The diversion did not negatively affect future tax rates, first because the state uses a benefit wage ratio rate computation that doesn't take contributions into account and, second, the law called for the balances of the UI and technology trust funds to be added together each year to determine the conditional factor used in determining the rate schedule.

FUTA credit reduction and employer surcharges for trust fund financing

According to the US Department of Treasury's [website](#), Oklahoma's UI trust fund balance ending April 30, 2021 was \$225,428,896.24; however, that loan balance was paid off as of May 19, 2021. Accordingly, Oklahoma employers will not be subject to a FUTA credit reduction in 2022.

A 2021 change in the law ([SB 789](#), enacted 4-19-2021 and effective 7-1-2021) allows the state to deposit up to 25% of federal emergency relief funds into the state's UI trust fund during a state of emergency declared by the governor, Oklahoma legislature, President of the United States, or U.S. Congress that directly affects the UI trust fund balance. For this provision to kick in, the balance of the UI trust fund must fall below \$25 million.

Rather than deposit federal funds into the UI trust fund, the OESC may instead borrow from the federal government or choose to leave the UI trust fund balance at less than \$25 million, but not less than \$10 million. The OESC may also use a combination of the options provided under SB 789. If a state of emergency does not directly impact the UI trust fund, the OESC must adhere to the requirement to assess an employer surcharge to keep the fund balance at \$25 million.

Under prior law, if it was estimated that the balance of the state's UI trust fund will be less than \$25 million for the next quarter, the OESC was required to assess and collect an employer surcharge for that calendar quarter in an amount sufficient to keep the balance at \$25 million.

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