


# EY Payroll NewsFlash

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## Colorado law creates new SUI surcharge and eliminates requirement for SUI premium reports; 2023 SUI tax rates unchanged but wage base increased

On May 1, 2023, Colorado Governor Jared Polis signed into law [S.B. 232](#), making numerous changes to the state's unemployment insurance (SUI) law. (See also the [summary of SB 232](#).)

- **New Support Surcharge.** Effective with SUI tax rates issued for 2024, 10% of the employer's assigned SUI experience rate will be diverted to a new Support Surcharge. The Support Surcharge, which will be deposited to the Employment Support Fund, the Benefit Recovery Fund and the Employment and Training Technology Fund, is not a certified SUI contribution and is not reported on the federal Form 940, *Employer's Annual Federal Unemployment (FUTA) Tax Return*.

Due to legislation enacted in 2022 ([SB 20-207](#)), there were no fund-building surtaxes or additional rates added to the 2023 SUI base tax rate.

The solvency surcharge did not apply in tax years 2021 and 2022, and legislation enacted in 2022 placed a hold on the surcharge for 2023. (See *Tax Alert* [2020-1831](#))

- **Elimination of SUI premium report.** Effective in 2024, the requirement that employers file quarterly SUI premium reports is eliminated; however, employers continue to be required to file quarterly wage reports. (See the *current reporting requirements* [here](#).)
- **Debt financing.** The law authorizes the state to use the federal Title XII repayment fund to cover the costs connected to bonds or notes (including interest) issued by the state for SUI trust fund debt financing. This provision spares employers from incurring some or all of these costs through the solvency surcharge.

As of June 26, 2023, Colorado had no outstanding federal unemployment insurance loan balance but has received authorization for advances of up to \$50m. ([Advances to State Unemployment Funds | U.S. Treasury Fiscal Data](#))

## 2023 employer SUI costs

The Colorado Department of Labor and Employment [confirmed](#) that the 2023 SUI wage base is \$20,400, an increase from \$17,000 for 2022.

[SB 20-207](#) provides that the SUI taxable wage base will increase incrementally to \$30,600 by calendar year 2026. Under the legislation, the variable SUI taxable wage base will be set at:

- \$13,600 for 2021
- \$17,000 for 2022
- \$20,400 for 2023
- \$23,800 for 2024
- \$27,200 for 2025
- \$30,600 for 2026, as adjusted by changes in the annual average weekly wage

The 2023 SUI tax rates for experience-rated employers range from 0.75% to 10.39%, unchanged from 2022.

For 2023, the new employer rate is 1.7%. The SUI tax rate for other new employers is 1.7% (general construction), 6.82% (heavy construction), 1.86% (trades) and 0.2% (political subdivision group rate). (*Colorado Department of Labor and Employment, [Beginning Rates](#)*)

The 2023 SUI rate notices were mailed on November 30, 2022.

## Contact us for more information

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