



Rick Snyder, Governor
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Michigan's Taxable Wage Base Set to Decrease; Employers to Pay Less in Unemployment Taxes

July 30, 2015 – The Unemployment Insurance Agency has announced that beginning with the third quarter of 2015, Michigan's employers will pay less in unemployment taxes due to a reduction in the state's Taxable Wage Base.

Beginning with third quarter tax filings in October, Michigan's Taxable Wage Base will decrease to \$9,000 from its current rate of \$9,500. The reduction translates to about \$16 million less in taxes assessed during 2015, and \$57 million less assessed during 2016, assuming the Taxable Wage Base stays at \$9,000 throughout 2016.

"This is great news for job providers, families and our entire economy," said Gov. Rick Snyder. "When businesses can save money on their taxes it can mean retaining jobs, expanded opportunities and even the hiring of more employees."

The Taxable Wage Base is the annual amount of wages paid by an employer to an employee that are subject to state unemployment insurance taxes. These contributions fund unemployment benefits for employees who lose their jobs through no fault of their own.

In 2011, legislation was enacted to ensure adequate funding for the state's Unemployment Trust Fund. It specifies that when the trust fund balances reaches \$2.5 billion, and is expected to remain at that level for two consecutive quarters, the Taxable Wage Base will automatically decrease to \$9,000. That condition has been met for the third quarter of 2015.

"It's very encouraging that the Taxable Wage Base is being lowered due to a healthy trust fund," said Stephanie Comai, director of the Talent Investment Agency. "This not only keeps unemployment insurance taxes manageable for employers, but helps to strengthen Michigan's economy as well. Equally important is the fact that a solvent trust fund also ensures that temporary funds are available for unemployed workers while they seek new jobs."

The new Taxable Wage Base rate of \$9,000 applies to contributing employers who pay unemployment taxes and who are not delinquent in paying unemployment contributions, penalties or interest.

For more information about the Taxable Wage Base decrease, visit the UIA website at michigan.gov/uia.

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