



Alabama Department of Industrial Relations

News Release

For Immediate Release: December 4, 2009

New Unemployment Tax Rates for Employers to Rise in 2010 *Increase Due to Statutory Schedule Change*

MONTGOMERY – Alabama Director of Industrial Relations Director Tom Surtees announced today that Unemployment Insurance tax rates will increase beginning January 1, 2010 for every employer in the state. Unemployment Insurance is a tax paid by employers on each person in their employ, and is paid on the first \$8,000 earned by each employee, per year.

Based on state statute, tax schedules are determined in part by a state's Unemployment Insurance Trust Fund balance. There are four tax schedules; A,B,C, and D, with D being the highest schedule. The remainder of the tax rate is determined by each employer's experience with layoffs.

“This information should not come as a surprise to anyone, as unemployment in Alabama has risen during this worldwide recession,” said Surtees. “Some may say that had Alabama elected to make changes in our current unemployment law, these tax increases could have been avoided. That is simply not true. While it may have delayed our borrowing from the federal government by a month or two, it still would not have prevented the shift into Schedule D. Furthermore, our changing the law would have resulted in increased tax rates because we would be making more people eligible and therefore increasing experience ratings, which is also a component of an employer's tax rate.”

Average tax rates per employee per year ranged from \$64 to \$512 in 2009. In 2010, the rates will increase to \$172 to \$664, per employee per year.

Employers should begin receiving their new tax rate notices in the mail this week.

For more information on how an employer's UI tax rate is computed, please see the attached document.

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Members of the media needing more information should contact Public Information Officer Tara Hutchison at (334) 242-8616.