



## Unemployment Insurance Contribution Taxable Wage Base & Rates for 2024

The taxable wage base for 2024 is **\$43,000** which is 80% of the 2022 average annual wage in Montana (\$53,793.28) rounded to the nearest \$100.

Unemployment Insurance (UI) rates are based on the Schedule of Contribution Rates in effect for the year and the individual employer's experience rating history. The Rate Schedule determines the range of contribution rates assigned to employers. The Rate Schedule is determined by the ratio of the UI Trust Fund balance on October 31, 2023, to total covered wages of experience rated employers during the fiscal year ending June 30, 2023.

$$\text{Montana UI Trust Fund Balance} / \text{Total Covered Wages} = \text{Ratio}$$

$$\$ 607,150,765.07 / 20,673,877,766 = 0.02937$$

The Schedule of Contribution Rates below determines the rate schedule based on the minimum ratio. This ratio falls in Schedule 1 (circled). Therefore, rates will range from 0.00% to 6.12%. The average rate will be 1.12%.

[illegible]

## How is an employer's individual rate assigned?

There are three types of experience-rated accounts: **New Employer**, **Eligible Employer**, and **Deficit Employer**. The criteria and the 2024 rates for each type are below. Montana UI rating system is very responsive and initially assigns each employer's rate according to their industry, and then to their record. *Over 5,500 employers received a 0% rate!*

New Employers	If your Industry Classification is	2024 UI Rate
<ul style="list-style-type: none"> <li>Positive reserve (more taxes paid in than benefits charged to the account)</li> <li>Less than 3 full federal fiscal years of experience (10/1/2020 - 9/30/2023)</li> <li>Industry rates are the average UI rate of employers in each industry classification</li> <li>Administrative Fund Tax (AFT) is 0.18%</li> </ul>	A - Agriculture, Forestry, Hunting & Fishing	1.30 %
	B - Mining	1.20
	C - Construction	2.10
	D - Manufacturing	1.00
	E - Utilities, Transportation, Warehousing	1.00
	F - Wholesale Trade	1.00
	G - Retail Trade	1.00
	H - Finance, Insurance, & Real Estate	1.00
	I - Services	1.00
	K - Unclassified Establishments	2.10

Eligible Employers	If your reserve ratio is between	Your rate class will be	2024 UI Rate
<ul style="list-style-type: none"> <li>Reserve is positive (more taxes paid in than benefits charged to the account)</li> <li>At least 3 full federal fiscal years of experience (10/1/2020 - 9/30/2023)</li> <li>Paid wages in at least 1 of the 8 preceding calendar quarters</li> <li>If UI rate &gt; 0%, then AFT is 0.18%</li> <li>If UI rate = 0%, then AFT is 0.13%</li> </ul>	0.160669 to 999.999999	Eligible 01	0.00%
	0.140217 to 0.160668	Eligible 02	0.00
	0.133718 to 0.140216	Eligible 03	0.02
	0.129755 to 0.133717	Eligible 04	0.22
	0.127203 to 0.129754	Eligible 05	0.42
	0.117128 to 0.127202	Eligible 06	0.62
	0.100095 to 0.117127	Eligible 07	0.82
	0.075215 to 0.100094	Eligible 08	1.02
	0.046779 to 0.075214	Eligible 09	1.22
	0 to 0.046778	Eligible 10	1.42

Deficit Employers	If your reserve ratio is between	Your rate class will be	2024 UI Rate
<ul style="list-style-type: none"> <li>Reserve is negative (more benefits have been charged than taxes paid in)</li> <li>The number of years of experience does not matter</li> <li>Administrative Fund Tax is 0.18%</li> </ul>	-0.000001 to -0.006284	Deficit 01	2.92 %
	-0.006285 to -0.01045	Deficit 02	3.12
	-0.010451 to -0.016983	Deficit 03	3.32
	-0.016984 to -0.022219	Deficit 04	3.52
	-0.02222 to -0.032991	Deficit 05	3.72
	-0.032992 to -0.071684	Deficit 06	3.92
	-0.071685 to -0.154418	Deficit 07	4.12
	-0.154419 to -0.375661	Deficit 08	4.32
	-0.375662 to -0.691472	Deficit 09	4.52
	-0.691473 to -999.999999	Deficit 10	6.12

**What is the Administrative Fund Tax?** All employers pay the Administrative Fund Tax (AFT) which funds some of the programs of the Montana Department of Labor & Industry. UI taxes are used solely for UI benefits paid. The AFT rate is 0.18% except for employers in Eligible Rate Classes who are assigned a 0% UI rate. Those employers pay a lower AFT rate of 0.13%.

## What is a "Penalty Rate"? Can I do anything to reduce my rate to the calculated rate?

Employers who owe tax, penalty or interest or have not filed all reports when rates are calculated in December will receive a "penalty rate". A penalty rate is 50% higher than your assigned rate. To lower their rate, an employer must file all reports and pay all tax, penalty and interest on their account by **January 19, 2024**. Resolving delinquent taxes and reports can result in significant UI tax savings throughout the year.