

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

### What is Montana's 2024 Taxable Wage Base?

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.

#### How is Montana's Rate Schedule determined each year?

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.

**The Rate Schedule for 2024 is Schedule 1.** The following data was used to determine this schedule:

Montana UI Trust Fund Balance / Total Covered Wages = 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%.

	Schedule of Contribution Rates										
Schedule		ll II	III	IV	V	VI	VII	VIII	IX	Х	ΧI
Minimum Ratio of Fund to Total Wages Average Tax	0.0260	0.0245	0.0225	0.0200	0.0170	0.0135	0.0095	0.0075	0.0050	0.0025	()
Rate	1.12%	1.32%	1.52%	1.72%	1.92%	2.12%	2.32%	2.52%	2.72%	2.92%	3.12%
Rate Class		Contribution Rates for Eligible Employers									
1	0.00	0.00	0.02	0.22	0.42	0.62	0.82	1.02	1.22	1.42	1.62
2	0.00	0.02	0.22	0.42	0.62	0.82	1.02	1.22	1.42	1.62	1.82
3	0.02	0.22	0.42	0.62	0.82	1.02	1.22	1.42	1.62	1.82	2.02
4	0.22	0.42	0.62	0.82	1.02	1.22	1.42	1.62	1.82	2.02	2.22
5	0.42	0.62	0.82	1.02	1.22	1.42	1.62	1.82	2.02	2.22	2.42
6	0.62	0.82	1.02	1.22	1.42	1.62	1.82	2.02	2.22	2.42	2.62
7	0.82	1.02	1.22	1.42	1.62	1.82	2.02	2.22	2.42	2.62	2.82
8	1.02	1.22	1.42	1.62	1.82	2.02	2.22	2.42	2.62	2.82	3.02
9	1.22	1.42	1.62	1.82	2.02	2.22	2.42	2.62	2.82	3.02	3.22
10	1.42	1.62	1.82	2.02	2.22	2.42	2.62	2.82	3.02	3.22	3.42
Rate Class	Contribution Rates for Deficit Employers										
1	2.92	3.12	3.32	3.52	3.72	3.92	4.12	4.32	4.52	4.72	4.92
2	3.12	3.32	3.52	3.72	3.92	4.12	4.32	4.52	4.72	4.92	5.12
3	3.32	3.52	3.72	3.92	4.12	4.32	4.52	4.72	4.92	5.12	5.32
4	3.52	3.72	3.92	4.12	4.32	4.52	4.72	4.92	5.12	5.32	5.52
5	3.72	3.92	4.12	4.32	4.52	4.72	4.92	5.12	5.32	5.52	5.72
6	3.92	4.12	4.32	4.52	4.72	4.92	5.12	5.32	5.52	5.72	5.92
7	4.12	4.32	4.52	4.72	4.92	5.12	5.32	5.52	5.72	5.92	6.12
8	4.32	4.52	4.72	4.92	5.12	5.32	5.52	5.72	5.92	6.12	6.12
9	4.52	4.72	4.92	5.12	5.32	5.52	5.72	5.92	6.12	6.12	6.12
10	6.12	6.12	6.12	6.12	6.12	6.12	6.12	6.12	6.12	6.12	6.12

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

There are three types of experience-rated accounts: <u>New Employer</u>, <u>Eligible Employer</u>, and <u>Deficit Employer</u>. 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
Positivo reservo (more tavos paid in	A - Agriculture, Forestry, Hunting & Fishing	1.30 %
Positive reserve (more taxes paid in	B – Mining	1.20
than benefits charged to the account)	C – Construction	2.10
<ul> <li>Less than 3 full federal fiscal years of</li> </ul>	D – Manufacturing	1.00
experience (10/1/2020 - 9/30/2023)	E - Utilities, Transportation, Warehousing	1.00
	F - Wholesale Trade	1.00
Industry rates are the average UI rate of	G - Retail Trade	1.00
employers in each industry classification	H - Finance, Insurance, & Real Estate	1.00
Administrative Fund Tax (AFT) is 0.18%	I – Services	1.00
7 Administrative Faria Tax (AFT) 13 0.1070	K - Unclassified Establishments	2.10

Eligible Employers	If your reserve ratio is between	Your rate class will be	2024 UI Rate
Reserve is positive (more taxes paid in than benefits charged to the account)	0.160669 to 999.999999	Eligible 01	0.00%
	0.140217 to 0.160668	Eligible 02	0.00
At least 3 full federal fiscal years of experience (10/1/2020 - 9/30/2023)	0.133718 to 0.140216	Eligible 03	0.02
	0.129755 to 0.133717	Eligible 04	0.22
<ul> <li>Paid wages in at least 1 of the 8 preceding calendar quarters</li> </ul>	0.127203 to 0.129754	Eligible 05	0.42
	0.117128 to 0.127202	Eligible 06	0.62
• If UI rate > 0%, then AFT is 0.18%	0.100095 to 0.117127	Eligible 07	0.82
	0.075215 to 0.100094	Eligible 08	1.02
If UI rate = 0%, then AFT is 0.13%	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
Reserve is negative (more benefits have been charged than taxes paid in)	-0.000001 to -0.006284	Deficit 01	2.92 %
The number of years of experience	-0.006285 to -0.01045	Deficit 02	3.12
	-0.010451 to -0.016983	Deficit 03	3.32
does not matter	-0.016984 to -0.022219	Deficit 04	3.52
	-0.02222 to -0.032991	Deficit 05	3.72
Administrative Fund Tax is 0.18%	-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 -999.99999	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 <u>solely</u> 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.