



## Unemployment Insurance Contribution Taxable Wage Base & Rates for 2026

## *What is Montana's 2026 Taxable Wage Base?*

The taxable wage base for 2026 is \$47,300 which is 80% of the 2024 average annual wage in Montana (\$59,106.64) 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, 2025, to total covered wages of experience rated employers during the fiscal year ending June 30, 2025.

**The Rate Schedule for 2026 is Schedule 1.** The following data was used to determine this schedule:

Montana UI Trust Fund Balance / Total Covered Wages = Ratio  
\$ 747,441.292.78 / 29,463,565,261.00 = 0.02537

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 0.95%.

### ***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 2026 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 7,200 employers received a 0% rate!

New Employers	If your Industry Classification is	2026 UI Rate
• Positive reserve (more taxes paid in than benefits charged to the account)	A - Agriculture, Forestry, Hunting & Fishing	1.30%
• Less than 3 full federal fiscal years of experience (10/1/2022 - 9/30/2025)	B - Mining	1.30
• Industry rates are the average UI rate of employers in each industry classification	C - Construction	2.00
• Administrative Fund Tax (AFT) is 0.18%	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	1.10
	K - Unclassified Establishments	2.00

Eligible Employers	If your reserve ratio is between	Your rate class will be	2026 UI Rate
• Reserve is positive (more taxes paid in than benefits charged to the account)	0.144911 to 999.999999	Eligible 01	0.00%
	0.131029 to 0.144910	Eligible 02	0.00
• At least 3 full federal fiscal years of experience (10/1/2022 - 9/30/2025)	0.126387 to 0.131028	Eligible 03	0.00
	0.122856 to 0.126386	Eligible 04	0.02
• Paid wages in at least 1 of the 8 preceding calendar quarters	0.120294 to 0.122855	Eligible 05	0.22
	0.110176 to 0.120293	Eligible 06	0.42
	0.093004 to 0.110175	Eligible 07	0.62
• Eligible Classes 3-10, then AFT is 0.18% Eligible Classes 1-2, then AFT is 0.13%	0.069556 to 0.093003	Eligible 08	0.82
	0.044490 to 0.069555	Eligible 09	1.02
	0.000000 to 0.044489	Eligible 10	1.22

Deficit Employers	If your reserve ratio is between	Your rate class will be	2026 UI Rate
• Reserve is negative (more benefits have been charged than taxes paid in)	-0.000001 to -0.004449	Deficit 01	2.72%
	-0.004450 to -0.008670	Deficit 02	2.92
• The number of years of experience does not matter	-0.008671 to -0.013140	Deficit 03	3.12
	-0.013141 to -0.021014	Deficit 04	3.32
• Administrative Fund Tax is 0.18%	-0.021015 to -0.029349	Deficit 05	3.52
	-0.029350 to -0.059270	Deficit 06	3.72
	-0.059271 to -0.123080	Deficit 07	3.92
	-0.123081 to -0.294938	Deficit 08	4.12
	-0.294939 to -0.689888	Deficit 09	4.32
	-0.689889 to -999.999999	Deficit 10	6.12

### ***What is the Administrative Fund Tax?***

All employers pay Administrative Fund Tax (AFT) which funds programs administered by the Montana Department of Labor & Industry. UI tax is used solely for UI benefits paid. The AFT rate is 0.18% except for employers in Eligible Rate Classes 01 and 02 who have an AFT rate of .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 16, 2026**. Resolving delinquent taxes and reports can result in significant UI tax savings throughout the year.