

Unemployment Insurance Contribution Taxable Wage Base & Rates for 2025

What is Montana's 2025 Taxable Wage Base?

The taxable wage base for 2025 is **\$45,100** which is 80% of the 2023 average annual wage in Montana (\$56,393.42) 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 2025 is Schedule 1. The following data was used to determine this schedule:

Montana UI Trust Fund Balance / Total Covered Wages = Ratio \$ 687,385,280.47 / 21,934,766,127.00 = 0.03134

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 | | Ш | | IV | V | VI | VII | VIII | IX | Х | XI |
| Minimum Ratio of Fund to Total Wages Average Tax Rate | 0.0260 1.12% | 0.0245 1.32% | 0.0225 1.52% | 0.0200 1.72% | 0.0170 1.92% | 0.0135 2.12% | 0.0095 2.32% | 0.0075 2.52% | 0.0050 2.72% | 0.0025 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 2025 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 | 2025 UI Rate |
|---|--|-----------------|
| Positive reserve (more taxes paid in | A - Agriculture, Forestry, Hunting & Fishing | 1.30 % |
| | B – Mining | 1.20 |
| than benefits charged to the account) | C – Construction | 2.00 |
| Less than 3 full federal fiscal years of | D – Manufacturing | 1.00 |
| experience (10/1/2021 - 9/30/2024) | 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 | 1.10 |
| | K - Unclassified Establishments | 2.00 |

| Eligible Employers | If your reserve ratio is between | Your rate class will be | 2025 UI Rate |
|---|--|---|----------------------|
| • Reserve is positive (more taxes paid in than benefits charged to the account) | 0.151385 to 999.999999 | Eligible 01 | 0.00% |
| | 0.135544 to 0.151384 | Eligible 02 | 0.00 |
| • At least 3 full federal fiscal years of experience (10/1/2021 - 9/30/2024) | 0.128549 to 0.135543 | Eligible 03 | 0.02 |
| | 0.125182 to 0.128548 | Eligible 04 | 0.22 |
| Paid wages in at least 1 of the 8 preceding calendar quarters | 0.123304 to 0.125181 0.112212 to 0.123303 0.096324 to 0.112211 | Eligible 05 Eligible 06 Eligible 07 | 0.42 0.62 0.82 |
| If UI rate > 0%, then AFT is 0.18% If UI rate = 0%, then AFT is 0.13% | 0.071355 to 0.096323 | Eligible 08 | 1.02 |
| | 0.044149 to 0.071354 | Eligible 09 | 1.22 |
| | 0.000000 to 0.044148 | Eligible 10 | 1.42 |

| Deficit Employers | If your reserve ratio is between | Your rate class will be | 2025 UI Rate |
|---|----------------------------------|-------------------------|-----------------|
| Reserve is negative (more benefits have been charged than taxes paid in) The number of years of experience does not matter Administrative Fund Tax is 0.18% | -0.000001 to -0.003034 | Deficit 01 | 2.92 % |
| | -0.003035 to -0.007423 | Deficit 02 | 3.12 |
| | -0.007424 to -0.010309 | Deficit 03 | 3.32 |
| | -0.010310 to -0.015134 | Deficit 04 | 3.52 |
| | -0.015135 to -0.018809 | Deficit 05 | 3.72 |
| | -0.018810 to -0-047638 | Deficit 06 | 3.92 |
| | -0.047639 to -0.115424 | Deficit 07 | 4.12 |
| | -0.115425 to -0.293305 | Deficit 08 | 4.32 |
| | -0293306 to -0.606765 | Deficit 09 | 4.52 |
| | -0.606766 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 <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 17, 2025.** Resolving delinquent taxes and reports can result in significant UI tax savings throughout the year.