

Unemployment Compensation Tax

RCW Chapters 50.04, 50.12, 50.24, 50.29, 50.44, and 50.50

Tax Base Wages paid to employees up to the taxable wage base. Wages include:

- The amount each employee is paid for working, whether paid as a fixed salary, hourly pay or overtime.
- Reportable paid earning for vacation or holidays.
- Tips reported by the employee.
- Bonuses or prizes.
- Non-cash payments, such as meals and lodging.
- Sick leave under a nonqualified plan.

The taxable wage base is the maximum amount on which an employer must pay taxes for each employee. For 2022, each employer pays taxes on the first \$62,500 of each employee's wages.

Tax Rate The 2022 rates:

- Employers in the lowest rate class pay 0.23%.
- Employers in the highest rate class pay 6.02%.
- The average rate is 1.30%.

The basic unemployment compensation tax rate combines the:

- Experience-rated tax.
- Shared-cost tax.
- Employment Administration Fund tax.

Experience-rated tax

The experience-rated tax is based on an employer's benefit claim history. There are 40 experience-rate classes. The rates range from 0% to 5.4%. To determine an employer's rate class, divide the unemployment benefits charged by taxable payroll for the past four fiscal years.

Social-cost tax

The social-cost tax recovers shared costs of the insurance system that cannot be attributed to a specific employer. The social cost rate graduates for each rate class. Rate class percentages range from 40% to 120% of the social-cost rate. To determine the social-cost rate for an employer, multiply the social-cost factor by the variable percentage determined by your rate class.

Employment Administration Fund

A fee assigned at either 0.02% or 0.03% to each employer.

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Additional tax rates and fees:

- Delinquent-tax rates: Employers considered delinquent pay tax at higher rates.
- Solvency Surcharge: Applies only when the amount in the Unemployment Insurance Trust Fund has less than 9 months of benefits as of September 30. This surcharge is waived through 2025.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$1,439,722	31.1%	4.8%
2020	\$1,098,144	0.5%	4.1%
2019	\$1,092,759	-1.2%	4.2%
2018	\$1,105,718	-3.2%	4.6%
2017	\$1,142,333	-11.3%	5.2%
2016	\$1,288,107	-3.5%	6.3%
2015	\$1,335,081	-13.4%	7.1%
2014	\$1,542,109	18.2%	8.7%
2013	\$1,304,462	-10.0%	7.7%
2012	\$1,448,731	-3.5%	9.0%

Source: Washington State Employment Security Department

Distribution of Receipts

The Unemployment Insurance Trust Fund and the Administrative Contingency Fund receive these taxes. The Unemployment Insurance Trust Fund funds pay unemployment benefits to eligible unemployed individuals. The Administrative Contingency Fund funds pay the Employment Security Department's administrative costs.

Levied by

State

Administration

Employment Security Department

Employers receives a tax rate notice in December of each year.

Employers file a tax-and-wage report quarterly.

Unemployment Compensation Tax

History	2022	The maximum social tax decreased from 0.75% to 0.50% in 2022. In 2023, the maximum social tax declined from 0.80% to 0.70%.
	2021	Capped the social tax rate at varying levels by year and suspended the solvency surcharge for five years.
	2011	The tax rate declined for most employers.
	2010	Reduced the higher tax rates for delinquent taxpayers. Established a civil penalty for employers who knowingly fail to register for unemployment insurance. Set the maximum rate to 6% for qualified employers and 6.5% for delinquent employers.
	2005	Major revisions to the tax structure occurred. Created 40 classes to replace the 20 previous classes. Added the social-cost factor and the experience-rated factor to the calculation of the premium tax rate.
	1993	A seventh rate schedule was added.
	1984	The rate system with six schedules and 20 classifications was adopted.
	1942	Added the benefit experience factor and the maximum rate became 2.7%.
	1937	Established the unemployment compensation tax as part of the Social Security Act.
