



July 16, 2009

Federal and State governments struggle for new revenue

We want to make you aware of a trend that will effect your business. States and the federal government, are looking for new sources of revenue as they struggle to fill budget deficits and shortfalls. An area that has emerged as a potential source of funds are payroll taxes including state (SUI) and federal (FUTA) unemployment funds. Recently, California Introduced legislation that would not only change the rate and threshold for these taxes, but make these additional sums retroactive to the beginning of 2009. This California legislation was defeated, for the time being, but there are several other states, including New York, that have either similar bills in the works or have already ratified changes for 2009 through 2013. Current activity includes:

New York

Enacted - New York City Mobility Tax - .34% of taxable wages

Bill pending - to increase unemployment taxes

Increases wage base from \$8500 to \$9,750 beginning 2010

Increases wage base to \$11,500 beginning 2011

Increases wage base to \$13,000 beginning 2012

Arkansas

Increases wage base from \$10,000 to \$12,000 beginning 2010

Florida

Increases wage base from \$7,000 to \$8,500 for years 2010-2014

Indiana

Increases wage base from \$7,000 to \$9,500 beginning 2010

New Hampshire

Emergency surcharge invoked due to continuing volume of benefits being paid out of the state. All employers will see a .5% increase in tax rate on their second quarter 2009 quarterly report. Rate itself changed from 1.9% to 2.4% of taxable wages.



client alert

New Jersey

Rate changed from 1.7% to 2.1% on taxable wages beginning July 2009

Tennessee

Increases wage base from \$7,000 to \$9,000 retroactive to January 2009

Rate changed from 1.1% to 1.7% retroactive to January 2009

Vermont

Increases wage base from \$8,000 to \$10,000 beginning 2010

Washington

Increases wage base from \$35,700 to \$36,800 beginning 2010

West Virginia

Increases wage base from \$8,000 to \$12,000 retroactive to January 2009

The mounting pressure

As financial pressures mount, we only see this activity accelerating and spreading to other states and tax types. This trend will ultimately have financial ramifications and needs to be considered as you, our clients, plan future production budgets. As always, we will continue to monitor the situation and inform you about the impact of these pieces of legislation. In the meantime, we suggest you contact us to discuss your strategy and what that potential impact means to your business. Please contact either Diane Geddings at 312-923-7933 or April Thompson at 312-923-7581.