

UNEMPLOYMENT INSURANCE

STATUTORY PROVISION: Title 19, Delaware Code, Chapter 33.

COLLECTION/ADMINISTRATIVE AGENCY: The tax is administered by the Department of Labor, Division of Unemployment Insurance.

GENERAL LIABILITY: All employers are liable for unemployment insurance tax with respect to any calendar year if they (a) pay wages of \$1,500 or more during any calendar quarter in that year or (b) employ at least one person on 20 days during such calendar year, each day being in a different week. Agricultural employers are liable with respect to any calendar year if they pay \$20,000 or more in any calendar quarter or employ 10 or more persons on each of 20 days, each being in a different week. Employers of domestic or household workers are liable with respect to any calendar year if the employer pays cash remuneration of \$1,000 or more in any calendar quarter of that year. Government entities and non-profit organizations are not liable under the Federal Unemployment Tax Act (FUTA), but are covered by State law and may pay assessments (taxes) or elect to reimburse the Unemployment Insurance Trust Fund for all benefits paid to their former employees on a dollar for dollar basis.

TAX RATES: For experience-rated employers, the State's basic unemployment insurance rate ranges from 0.1% to 8.0% depending on the employer's benefit wage ratio and the State's experience factor. In addition, all assessed employers are charged a supplemental assessment of 0.2%. The effective assessment rate equals the basic rate plus (+) the supplemental assessment rate.²The minimum effective assessment rate is 0.3% and the maximum effective assessment rate is 8.2%. In calendar year 2014, assessments were paid on a taxable wage base of \$18,500. The taxable wage base is determined by the balance in Delaware's Unemployment Insurance Trust Fund as of the preceding September 30. Based on this Unemployment Insurance Trust Fund "trigger" methodology, the taxable wage base will be:

- \$18,500 if the fund balance is \$125.0 million or less
- \$16,500 if the fund balance is greater than \$125.0 million, but less than \$175.0 million
- \$14,500 if the fund balance is at least \$175.0 million, but no greater than \$225.0 million
- \$12,500 if the fund balance is greater than \$225.0 million, but less than \$275.0 million
- \$10,500 if the fund balance is \$275.0 million or greater

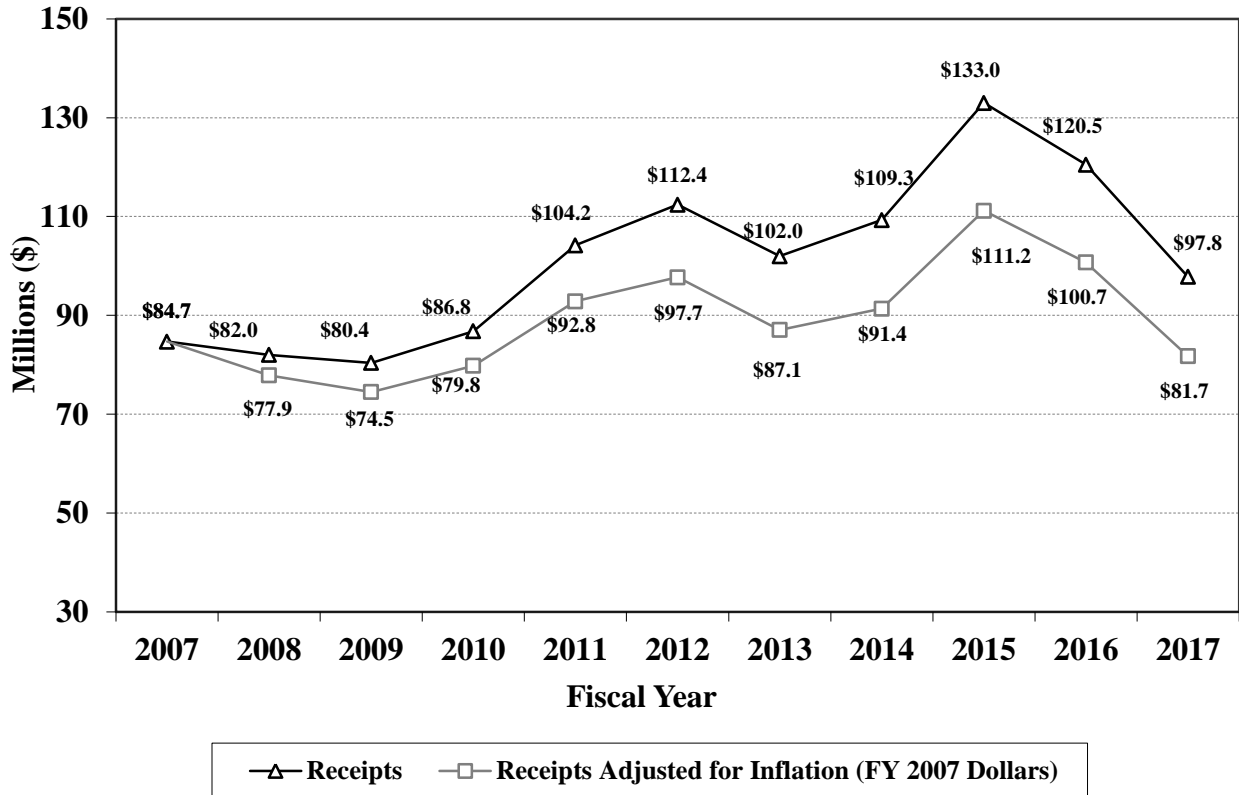
New employers, including those in North American Industry Classification (NAICS) categories 236, 237, and 238 (construction industry), are taxed at the average industry assessment rate in that employer's particular NAICS category or the average construction assessment rate of NAICS categories 236, 237, and 238 whichever is the greater.

² Beginning January 1, 2004, the supplemental assessment rate was set at 0.2% and no longer varies as a result of changes in the Unemployment Insurance Trust Fund balance.

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TAX RECEIPTS

Unemployment Insurance Tax



LEGISLATIVE HISTORY

<u>Approved Date</u>	<u>Effective Date</u>	<u>Description of Changes</u>
7/23/72	1/1/72	Increased from \$3,600 to \$4,200 the individual wage to which tax is applicable (58 Del. Laws c 573).
-	1/1/78	Extended coverage to many occupations previously unprotected (61 Del. Laws c 186).
-	1/1/78	Increased from \$4,200 to \$6,000 the individual wage to which tax is applicable (61 Del. Laws c 186).
-	1/1/82	Increased from 5.0% to 7.0% the maximum basic assessment rate.
-	1/1/82	State Experience Factor allowed to float to its actual level.

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<u>Approved</u> <u>Date</u>	<u>Effective</u> <u>Date</u>	<u>Description of Changes</u>
-	1/1/82	Based rate of assessment for any new employer on the average industry contribution rate in that employer's Standard Industrial Classification (SIC).
-	1/1/82	Increased from \$6,000 to \$6,600 the individual wage to which tax is applicable.
-	1/1/83	Increased from \$6,600 to \$7,200 the individual wage to which tax is applicable.
-	7/1/83	Clarified exclusion of coverage of corporate officers.
-	1/1/84	Increased from \$7,200 to \$8,000 the individual wage to which tax is applicable.
6/28/85	1/1/86	Increased from \$8,000 to \$8,250 the individual wage to which tax is applicable.
6/28/85	1/1/87	Increased from \$8,250 to \$8,500 the individual wage (FUTA amount) to which tax is applicable.
6/28/85	1/1/88	Increased to 8.0% the maximum basic assessment (65 Del. Laws c 45; SB 145).
6/18/86	7/1/86	Reduced from 3 years to 2 years, the period before which a new employer can receive assessment rate based on actual experience (65 Del. Laws c 513; HB 734).
6/30/87	1/1/88	Provided a tax reduction for employers whenever the Unemployment Insurance Trust Fund balance is \$90 million or more. Provided a supplemental assessment based upon the basic assessment (66 Del. Laws c 72; HB 215).
6/30/87	6/30/87	Allowed an employer to have a reduced unemployment insurance rate even if there is a break in employment. Required both rated and new employers to submit required reports and pay assessments in a timely manner or be subject to a delinquent assessment rate (66 Del. Laws c 74; HB 218).
7/8/87	7/8/87	Provided that the minimum assessment rate assigned to a new employer be not less than 1% (66 Del. Laws c 115; SB 184).
7/17/89	1/1/90	Increased the Unemployment Trust Fund balance (below which supplemental assessments are triggered) from \$90 million to \$130 million and, further, decreased supplemental assessment rates (67 Del. Laws c 119; SB 233).
7/17/89	1/1/90	Reduced supplemental rate whenever Unemployment Trust Fund balance equals or exceeds \$130 million (67 Del. Laws c 141; HB 72).
6/1/95	1/1/96	Reduced from 9.5% to 8.7% the maximum tax rate and the minimum tax rate from 1.0% to 0.8% (70 Del. Laws c 46; SB 93).
7/3/97	1/1/98	Reduced from 8.7% to 8.5%, the maximum tax rate and the minimum tax rate from 0.8% to 0.6% (71 Del. Laws c 147; HB 374).

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<u>Approved Date</u>	<u>Effective Date</u>	<u>Description of Changes</u>
7/1/99	1/1/00	Reduced from 8.5% to 8.3%, the maximum tax rate and the minimum tax rate from 0.6% to 0.4% (72 Del. Laws c 107; SB 199).
7/30/01	1/1/02	Reduced from 8.3% to 8.2%, the maximum tax rate and the minimum tax rate from 0.4% to 0.3% (73 Del. Laws c 209; SB 243).
6/20/02	1/1/03	Provides that the North American Classification System (NAICS), not the Standard Industrial Classification System (SIC) shall be used in the determination of the average employer assessment rate, average industry assessment rate, average construction industry rate and new employer rate (73 Del. Laws c 303; HB 425).
7/11/03	1/1/04	Set the supplemental assessment rate at 0.2%. Previously the supplemental assessment rate was dependent on the balance in the Unemployment Insurance Trust Fund (74 Del. Laws c143; HB 223).
7/12/05	1/1/06	Brought Delaware's Unemployment Insurance Code into compliance and conformity with the provisions of federal law – Public Law No 108-295, the "SUTA Prevention Act of 2004" by prohibiting SUTA dumping (75 Del. Laws c 177; SB 130).
6/27/06	6/27/06	Removed cap on increases in the "State Experience Factor" and expanded "State Experience Factor" range from 1 through 50 to 1 through 80. Effective range of tax rates remains the same (75 Del. Laws c 313; HB 419).
6/18/07	1/1/08	Increased from \$8,500 to \$10,500 the individual wage to which tax is applicable (76 Del. Laws c 46; HB 144).
8/15/13	1/1/14	Establishes a "trigger" methodology to determine the taxable wage base for any given calendar year based on the balance in Delaware's Unemployment Insurance Trust Fund as of the previous September 30. The taxable wage base for any given calendar year will be \$18,500, \$16,500, \$14,500, \$12,500, or \$10,500.

FILING PROCEDURES: All persons or firms engaged in business in Delaware must report to the Delaware Division of Unemployment Insurance to determine liability for unemployment security tax, and if liable, apply for an employer account number with the Division. The report and application is made on Form U-1. All liable employers are required to submit for each calendar quarter, reports of remuneration and wages with the amount of tax due, even if the employer has had no payroll in the quarter and whether or not assessment is payable. Form U-8, the Employer's Summary Assessment Report, is used for reporting. The reporting requirements and responsibilities of employers are detailed in the Employer's Unemployment Insurance Handbook available from the Delaware Department of Labor or on the Department's web site at www.delawareworks.com.

PAYMENT DATES: An Assessment and Payroll Report with remittance is due quarterly, on or before the last day of the first month following the close of the quarter.