

Texas Workforce Press Release

FOR IMMEDIATE RELEASE

DATE: June 3, 2008

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Texas Employers Receive \$148 Million in UI Tax Refunds

AUSTIN – The Texas Workforce Commission (TWC) has begun mailing \$148 million in refund checks to nearly 360,000 Texas employers.

“This is how government should work. When there is a surplus in the Unemployment Compensation Trust Fund, Texas gives employers their money back,” said TWC Chairman Tom Pauken. “This surplus tax refund and historically low UI tax rates are among the many reasons Texas is a great place to do business.”

TWC collects Unemployment Insurance (UI) taxes from Texas employers for the Unemployment Compensation Trust Fund, which funds UI benefits to workers who become unemployed through no fault of their own and who are actively seeking work.

Currently, the Trust Fund has risen above levels mandated by state law. This enables TWC to send Texas employers an average refund of more than \$400. The current balance in the Unemployment Compensation Trust Fund is approximately \$1.7 billion, approximately \$738 million above the minimum required level.

“Texas employers continue to expand their workforces providing jobs for Texas workers,” said TWC Commissioner Representing Employers Ron Lehman. “Texas is committed to keeping UI taxes low and returning any surplus to Texas employers.”

To receive the refunds, employers must meet certain requirements, including having payroll during 2008 and paying all due taxes. They also must be experience-rated, which means they have been in business with payroll for at least 18 months prior to October 1, 2007. Employers subject to UI taxes include those paying \$1,500 in wages in a calendar quarter or having at least one employee during 20 different weeks in a calendar year.

“With more Texans working than ever before, demands on the UI system continue to remain at relatively low levels,” said TWC Commissioner Representing Labor Ronny Congleton.

In addition to the surplus tax credit, most Texas employers will save on their UI taxes this coming year due to:

- **Overall decrease in the UI tax rates:** The minimum tax rate, which is paid by 62 percent of Texas employers, is 0.10 percent for CY 2008, down from 0.29 percent in CY 2007. TWC approved a one-year suspension of the Replenishment Tax component of the UI tax for 2008.
- **Elimination of the Obligation Assessment component of the UI Tax:** The obligation assessment was previously a component of the UI tax. The Texas Legislature passed a measure in the last session allowing TWC to pay off bonds issued in 2003 to bolster the Trust Fund. By paying off the bonds early, Texas employers will save an estimated \$270 million in taxes in CY 2008.

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The Texas Workforce Commission is a state agency dedicated to helping Texas employers, workers and communities prosper economically. For details on TWC and the programs it offers in unison with its network of local workforce development boards, call (512) 463-8556 or visit www.texasworkforce.org.

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