

HB 2049 -- FEDERAL UNEMPLOYMENT TAX ACT CREDIT RATE REDUCTION

SPONSOR: Fitzpatrick

Currently, the Federal Unemployment Tax Act (FUTA) tax is levied on employers covered by the state's unemployment insurance program at a rate of 6% on wages of up to \$7,000 per year, per worker. An employer may receive a FUTA credit of up to 5.4% if the employer pays his or her state unemployment tax timely. The credit is reduced when a state has an outstanding advance or loan to cover the cost of state unemployment benefits paid. The credit reduction is .3% per year until paid. This bill allows an employer to retain withholding taxes in an amount equal to the FUTA credit rate reduction when the employer's account had a positive balance for the preceding calendar year as maintained by the Division of Employment Security within the Department of Labor and Industrial Relations under Section 288.100, RSMo.