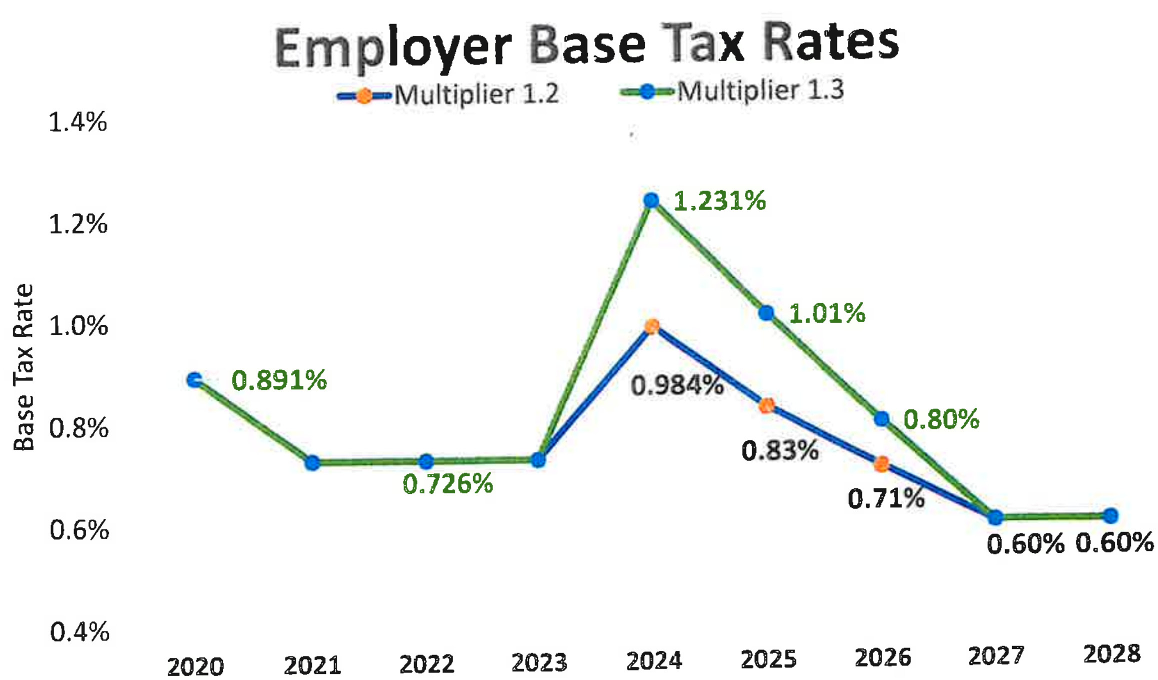
ATTACHMENT 1, Jani Revier, H 428, February 22, 2024

Adjusting the Target Balance of the Unemployment Insurance Trust Fund

IDAHO DEPT. OF LABOR

- After three consecutive years of frozen rates at 0.726%, the 2024 base tax rate increases to 1.231% in 2024. If the proposed legislation passes, the target balance of the UI trust fund will be lowered and the 2024 base tax rate would decrease by 20% to 0.984%
- The tax formula considers the cost of providing benefits by looking back over a rolling 20-year period. In one more year, the high cost for 2003 will roll off the rate calculation, leading to rate declines after 2024. Over the next five years employers could see rate stability while the trust fund re-adjusts to fresher 20-year costs.
- This change will save employers $86 million over the first two years, and $117 over five years. Consistent tax rates provide business with expense predictability. A lower rate helps employers manage cost expectations, incentivizing growth and creating opportunities for economic expansion.
- Altering the formula used to calculate UI tax rates will lower the target reserve balance to 14.4 months of benefit payments at levels similar to the Great Recession.
- Idaho is currently among the top 10 states for trust fund solvency.



$117 million savings

2024	2025	2026	2027	2028
$44 million	$42 million	$23 million	$6 million	$2 million