



On June 25, 2009, the Governor signed into law HB 2324/SB 2315. This legislation is intended to prevent our state's Unemployment Insurance Compensation Trust Fund from becoming insolvent as well as to avoid the necessity of our state having to borrow funds from the federal government in order to continue paying benefits to our unemployed citizens.

The provisions of this legislation will impact our Tennessee clients in three significant ways:

- Tennessee Unemployed - Claimants who have exhausted all state unemployment benefit entitlements may be eligible for Extended Benefits consisting of an additional 20 weeks of unemployment benefits. The maximum benefit amount a claimant may receive will be 80% of the maximum of his regular unemployment claim or 20 times a claimant's normal weekly benefit amount, whichever is lesser. An online application should be available on July 15, 2009.
- Tennessee Employers – All Tennessee unemployment insurance premium rates increase by 0.6%, effective January 1, 2009. Employers will receive an Employer Statement (sample attached) from the Department of Labor and Workforce Development for the amount of additional premium due on the taxable wages reported for the first quarter 2009. This additional premium may be added to the second quarter premium report for payment via the TN Paws online reporting system or it may be paid via a check and mailed directly to the Department of Labor and Workforce Development.
- Tennessee Employers – Tennessee's taxable wage base increases from its current \$7,000 limit to \$9,000, effective January 1, 2009. The TN Paws online reporting system has been updated for the new rate and limits. However, the amount of excess wages (Line 2) must be manually decreased by the amount of additional taxable wages that were NOT reported in the first quarter. This adjustment allows the new premium rate to be applied to those additional wages from first quarter plus the second quarter taxable wages.

The effect of these changes on the preparation of the second quarter Premium and Wage Report may be confusing to the preparer. Therefore, below are two examples that may be helpful. Example 1 is based on how the law is written. Example 2 shows how to prepare the second quarter premium and wage report in order to comply with the new law.

Example 1:

- AAA Company has employee(s) with wages of **\$8,000 per quarter**. The company began 2009 with a premium rate of 1.0%.
- On the first quarter unemployment report, the company paid 1.0% of \$7,000. The remaining \$1,000 were additional taxable wages.
- During the second quarter, the law was passed increasing the wage base to \$9,000 and increasing the premium by .6%, retroactive for 2009.
- AAA Company receives a statement from the TN Dept of Labor and Workforce Development showing the amount due for the .6% increase applied to first quarter wages. The company would owe an additional \$42.00 for the first quarter ($\$7,000 \times .006$). They can pay by check now or wait and add the additional premium to their second quarter report.
- For the second quarter, the company will pay 1.6% of \$2,000 (\$1,000 for 1st quarter and \$1,000 for 2nd quarter) – maxing out the \$9,000 wage base for 2009. Line 2 on the report will need to be manually decreased by \$1,000 to account for the \$1,000 in excess wages not reported on the first quarter report due to the retroactive increase in the wage base.

Example 2:



Below is your Calculated Premium Report and the wage information you have entered for your employees. Please review this information carefully. You may use the boxes provided on lines 2, 5, 7, 8, 9a, and 9b to enter any Interest, Penalty, or Outstanding Debit or Credit. If you enter values in any of the boxes on lines 2, 5, 7, 8, 9a, or 9b. Total will be Calculated Automatically.

Employer Name: [REDACTED]
 Employer Number: [REDACTED]
 Reporting Quarter and Year: 2nd Quarter of 2009
 Due Date: July 31, 2009
 Rate: 5.60 %
 Job Skills Fee: 0.00%

Number of Covered Workers

1st Month	4
2nd Month	4
3rd Month	4

Effective January 1, 2009, the taxable wage base in Tennessee increased from \$7,000 to \$9,000. Employers are responsible for reporting the additional taxable wages (up to \$2,000 per employee) due from the first quarter 2009 by July 31, 2009. Employers should decrease the Excess Wage amount this quarter to comply with this requirement. To learn more, [click here](#)

1. Total Wages	\$ 34650.00
2. Less Excess Wages (Excess Wage)	\$ <input type="text" value="33000.00"/>
3. Net Taxable Wages (Item 1 minus Item 2)	\$ 1650.00
4. Premium Due (Item 3 times 5.60%)	\$ 92.40
5. Interest Due	\$ <input type="text" value="0.00"/>
6. Job Skills Fee Due (Item 3 times 0.00%)	\$ 0.00
7. Job Skills Fee Interest Due	\$ <input type="text" value="0.00"/>
8. Penalty Due	\$ <input type="text" value="0.00"/>
9a. Outstanding Debit	\$ <input type="text" value="0.00"/>
9b. Outstanding Credit	\$ <input type="text" value="0.00"/>
10. Total Due	\$ 92.40

AMOUNT POSTED IN THIS BOX WILL NEED TO ADJUSTED
 USE FORMULA BELOW TO CALCULATE CORRECT AMOUNT FOR LINE 2

EITHER PAY ADDITIONAL TAX DUE FOR 1ST QTR SEPARATELY (MUST HAVE COPY OF CK) OR POST IN THIS BOX

Formula to Adjust Excess Wages to be Reported on Line 2

1. Add up YTD Wages for all employees paid over \$9,000 as of 6/30/09 = _____ (double-check to ensure you include all, and only, employees paid over \$9,000 as of 6/30/09)
2. Total number of employees paid over \$9,000 (from #1) X \$9,000 = _____
3. Subtract #2. from #1. _____ = YTD Excess Wages
4. Subtract amount reported on Line 2 of your 1st QTR TN Report from #3. (above) = _____. This amount is reported on Line 2 of your 2nd QTR TN Report.

EMPLOYER STATEMENT
MAKE PAYMENT AND MAIL TO:

TN Department of Labor & Workforce Development
EMPLOYER ACCOUNTS OPERATIONS
P.O. BOX 101
NASHVILLE, TN 37202-0101
TELEPHONE: (615) 741-1619



5000

AREA CODE

EMPLOYER #

STATEMENT DATE 06-30-2009

AMOUNT DUE \$

Company Name

For Office Use Only	
AP:	[MICROFILMED]
DR:	[MICROFILMED]

Tear at perforation. Please return this portion and retain lower portion for your records

RDA N/A

TENNESSEE DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
EMPLOYMENT SECURITY DIVISION / BUREAU OF UNEMPLOYMENT INSURANCE 013506

EMPLOYER STATEMENT BY QUARTER

QTR/YEAR	DUE DATE	PREMIUMS DUE	INTEREST DUE	ACCRUED * INTEREST DUE	LIEN FEES / PENALTIES	AMOUNT DUE
1-2009	07-31-2009	\$				\$

This billing is for an additional unemployment insurance fee based on your previously reported 1st quarter 2009 taxable wages. The additional amount due is the result of the Tennessee General Assembly's passage of HB 2324/SB 2315, which temporarily increased all premium rates on Premium Table 1 (the table in effect for 2009) by .6%, effective January 1, 2009.

The legislation also increased Tennessee's annual taxable wage base from \$7,000 to \$9,000. That provision is likewise effective January 1, 2009. This billing is not, however, based on any adjustment to your 1st quarter taxable wages. Any adjustment for additional 1st quarter taxable wages (for those wages in excess of \$7,000 up to the new taxable wage limit of \$9,000) should be reported by you, the employer, when you calculate year-to-date taxable wages when completing your 2nd quarter 2009 wage and premium report.

A note to those employers who might already owe a balance due to this agency: The additional fee amount billed hereon was not included on any statement your account previously received from our agency.

IF YOU HAVE QUESTIONS ABOUT THIS STATEMENT, YOU MAY WISH TO CONTACT YOUR EMPLOYER ACCOUNTS FIELD AUDITOR AT (423) 952-2261.

EMPLOYER#

AMOUNT DUE AS OF 06-30-2009 IS \$

