

# Updates from the Office of the Commissioner Representing Employers

## Texas BusinessToday

Aaron S. Demerson  
Commissioner Representing Employers

January 2022



Dear Fellow Texans,

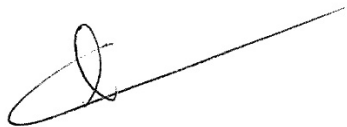
Happy New Year! We have decided to revisit how we communicate with our Texas employers and will be sending out monthly updates to keep you up to date with the most important unemployment law information.

With 2021 in our rearview mirror, I wanted to highlight how our monthly Texas labor market statistics ended with some fireworks! In December, the seasonally adjusted Texas unemployment rate was 5.0 percent, a decrease of 0.2 percentage points from November 2021. Texas added 50,000 total nonagricultural jobs over the month, making gains in 19 of the last 20 months. For the month, the state reached another record employment

level with 13,059,600 jobs and Texas has added a total of 694,400 positions since December 2020.

Texas continues to be the top destination to do business, and the record-setting job growth we've seen month after month shows employers are committed to growing their footprint in our great state. One reason Texas stands out is the unparalleled access Texas employers have to resources at the state and local level that allow them to hire, train, and retain their employees, and together this results in a continued thriving Lone Star State economy.

Lastly, the New Year is an opportunity to say thank you for all your hard work and dedication. I look forward to meeting you in your communities and effectively serving as your Commissioner Representing Employers. Each employer, large and small, contributes to Texas' success, and makes Texas the best state in the country in which to do business. May your successes reach new heights in 2022!

A handwritten signature in black ink, appearing to read 'Aaron Demerson', with a long horizontal line extending to the right.

Aaron Demerson  
Commissioner Representing Employers  
Texas Workforce Commission



## Unemployment Tax Rates for 2021

By Tommy Simmons, Senior Legal Counsel to Commissioner Aaron Demerson

By now, Texas employers have received their state unemployment insurance (UI) tax rate notices for 2022. The notices (Form C-22) include information about how the tax rates were calculated, including specific chargeback amounts. In setting the various components of the 2022 rates, the Commission chose to keep the rate components as low as possible, which enabled the minimum and maximum tax rates to remain exactly where they were in 2020 and 2021, i.e., a minimum rate of .31% and a maximum tax rate of 6.31%.

New employers pay at 2.70% for approximately the first six calendar quarters of operation and are eligible thereafter for a calculated rate based on their companies' individual history of unemployment claims. Employers with no chargebacks during the past three years may receive the minimum tax rate. Employers with chargebacks during the past three years will have a calculated tax rate above the minimum.

The following is a breakdown of the General Tax Rate, which is the central component:

- **Benefit Ratio:** Unique to each employer account. It is the three-year history of total chargebacks divided by three-year history of total taxable wages.
- **Replenishment Ratio:** Computed according to state law, it is one of the two mechanisms for dealing with half of the shortfall in the UI Trust Fund. This ratio is the same for each employer account.
- **General Tax Rate (Benefit Ratio x Replenishment Ratio):** Any increases to the total amount of chargebacks used in the Benefit Ratio may result in a higher General Tax Rate component, up to a maximum of 6.00%.

Other rate components are then added to produce a total Annual Effective Tax Rate, as outlined below:

- **Replenishment Tax Rate:** The other mechanism for dealing with half of the shortfall in UI Trust Fund. This rate is the same for each employer account (set at 0.20% in 2022).
- **Employment and Training Investment Assessment:** This rate is the same for each employer account (set at 0.10%).
- **Obligation Assessment Tax:** Established if Texas needs to repay bonds issued to repay federal UI loans and/or if Texas owes interest on a federal UI loan (set at 0.01% in 2022).
- **Deficit Tax:** Created according to state law if there is a deficit in the floor of the UI Trust Fund (no deficit tax in 2022).
- Individual tax rate calculations can become quite complex based on individual company circumstances. A detailed illustration of the formula appears at <https://twc.texas.gov/businesses/unemployment-insurance-tax-rates>. The latest news on UI tax rates is online at <https://twc.texas.gov/businesses/tax-department-tip-month>.

## Controlling Chargebacks

Since the Benefit Ratio and the General Tax Rate are directly influenced by chargebacks from UI claims, it is important for employers to respond to any claim or chargeback notice as soon as possible if the company would like to avoid unnecessary chargeback liability.

An employer can access a list of all of its chargebacks using the Unemployment Tax Services system online at <https://twc.texas.gov/businesses/unemployment-tax-services>. The employer should carefully compare that list with the claim notices and determinations that the company received and/or responded to or appealed. If a company has chargebacks on its account that it believes should not have been imposed, and the company has not already appealed the chargebacks, it may do so at this time, but since the timeliness of the response or appeal would likely be an issue, the company would need to include an explanation of why the claim response or appeal was not filed earlier.

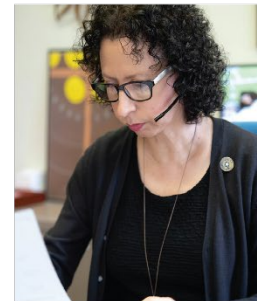
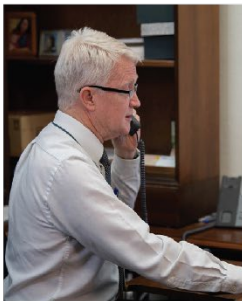
The directions for filing a proper claim response or appeal are included with the claim notices or determinations that ruled that an account was subject to chargeback. If the company did not receive a claim notice in a case that resulted in a chargeback, explain that the company is responding or appealing late because of non-receipt of whatever claim notice or determination that was sent.

The methods for responding to a chargeback notice, even if the response may be late, are outlined on the TWC website at <https://twc.texas.gov/businesses/employer-unemployment-benefit-chargebacks#respondingToANoticeOfMaximumPotentialChargeback>. Those methods may be used even if the company never received a notice of a potential chargeback. In such a case, it would be important to mention the non-receipt problem.

# TEXAS EMPLOYER HOTLINE

## 1-800-832-9394

Hiring Issues · Medical Leave-Related Laws · Personnel Policies and Handbooks · Independent Contractors and Unemployment Tax Issues · The Unemployment Claims and Appeals Process · Texas and Federal Wage and Hour Laws



**Employer Hotline Hours: M-F, 8am-5pm**

*Information provided by employment law attorneys in the Office of the  
Commissioner Representing Employers at the  
Texas Workforce Commission*

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