

STATE UNEMPLOYMENT (SUI)

Employer Guide for Payroll

State Unemployment Insurance (SUI) is a social safety net program designed to provide temporary financial assistance to individuals who lose their jobs through no fault of their own.

Each state in the U.S. administers its own SUI Program, with funding *potentially coming from both employee and employer contributions, as well as federal grants.*

Eligible workers can receive weekly benefits for a limited period to help cover expenses while searching for new employment. The amount and duration of benefits vary by state, aimed at easing financial burdens during unemployment.

Learning about State Unemployment Between Two or More States:

A **Wage Base Limit** is the maximum amount of an employee's [taxable] wages that are subject to annual taxes. **When an Employee moves to a different state**, the *new state's Wage Base Limit* for unemployment will apply.

When the Wage Base Limit in the new state is lower than in the state from which the employee moved, the employer will not be required to contribute additional State Unemployment Insurance (SUI) taxes to the new state. Additionally, employers will not be reimbursed for any SUI taxes that have already been paid to the previous state. Refer to the example and chart below.

- **Example:** Malik lives and works in *Nevada* and has been paid \$9,500 in taxable wages; he is transferring to the *Arizona* office. The company will *not* contribute to [Arizona] SUI taxes *until the following calendar year*. Using the chart below, the *Arizona limit is only \$8,000, which is less than the existing \$9,500 paid to Nevada.*

When the Wage Base Limit is higher than the state the employee moved from, the employer will contribute SUI taxes until the higher wage base limit is met—the employer usually receives a credit for the SUI taxes paid on wages earned in the previous state. *(See the example and chart below.)*

- **Example:** Elena lives and works in *California* and has been paid \$7,000 in taxable wages; she is the new manager of the *Oregon* office. Using the chart below, the company *will* contribute to the [Oregon] SUI *until the taxable wages reach \$54,300.*



State	Wage Base Limit	SUI Rate for 2025 - New Business
Oregon	\$54,300.00	2.40%
Nevada	\$41,800.00	2.95%
California	\$7,000.00	3.40%
Arizona	\$8,000.00	2.00%



[Click Here](#) to see the current SUI Rates and Wage Base Limits for each state!

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The **Federal Unemployment (FUTA)** tax rate is 6.00% of \$7,000 in taxable wages paid to employees. States can follow the Federal wage base limit. Or the state will determine their own rate and wage base limit.

SUI Rates can vary: rates are typically based on the business' industry and/or experience rating.

The state unemployment taxes are made to fund unemployment benefits. You won't contribute SUI taxes to more than one state at a time for multi-state employees.

For Employees that **live & work in the same state**, the unemployment taxes are easy!
But what about when an employee **lives in one state** and **works in another**?

What happens if the employee's home state and work state aren't the same as the previous examples?
Follow the *LOCR Method* when it comes to unemployment!



My employee *works in multiple states*,
how do I **determine which state to contribute SUI to?**

START

Location: An employee's taxation is allocated to one state, if they work entirely from that state.

Q: *Are the employee's tasks and/or services centralized into one state?*

A: **If Yes**, this is the employee's SUI state. **If No**, *continue* to Operations.

Operations: Where an employee begins work, where they receive instructions from, perform tasks, and/or repair equipment, etc.

Q: *Does the employee complete tasks in the state where their base of operations is located?*

A: **If Yes**, this is the employee's SUI state. **If No**, *continue* to Control.

Control: The place where you, the employer/manager, supervises the employee's work.

Q: *Does the employee work in the state where the tasks are directed and controlled from?*

A: **If Yes**, this is the employee's SUI state. **If No**, *continue* to Residence.

Residence: This element asks you whether the employee completes some work in the state where they live. The employee completes any task/service in the state they reside.

Q: *Does the employee complete tasks solely in the state where they live?*

A: **If Yes**, this is the employee's SUI state.

Questions? Contact your state labor agencies for more information on proper SUI allocation.