SENATE FILE 607
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 504)
(SUCCESSOR TO SSB 1173)

(As Amended and Passed by the Senate May 14, 2025)

= New Language by the Senate

= Language Stricken by the Senate

## A BILL FOR

An Act relating to unemployment insurance taxes on employers.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 96.1A, subsection 36, Code 2025, is amended to read as follows:

36. *"Taxable wages"* means an amount of wages upon which an employer is required to contribute based upon wages ~~which~~ that have been paid in this state during a calendar year to an individual by an employer or the employer's predecessor~~,~~ in this state ~~or another state which extends a like comity to this state, with respect to employment,~~ upon which the employer is required to contribute, which equals the greater of the following:

*a.* ~~Sixty-six and two-thirds~~ Thirty-three and one-third percent of the statewide average weekly wage ~~which~~ that was used during the previous calendar year to determine maximum weekly benefit amounts, multiplied by fifty-two and rounded to the next highest multiple of one hundred dollars.

*b.* That portion of wages subject to a tax under a federal law imposing a tax against which credit may be taken for contributions required to be paid into a state unemployment compensation fund.

Sec. 2. Section 96.7, subsection 2, paragraph c, subparagraphs (1) and (2), Code 2025, are amended to read as follows:

(1) A nonconstruction contributory employer newly subject to this chapter shall pay contributions at the rate specified in the ~~twelfth~~ fourth benefit ratio rank but not less than one percent until the end of the calendar year in which the employer's account has been chargeable with benefits for twelve consecutive calendar quarters immediately preceding the computation date.

(2) A construction or landscaping contributory employer, as defined under rules adopted by the department pursuant to chapter 17A, ~~which~~ that is newly subject to this chapter shall pay contributions at the rate specified in the ~~twenty-first~~ ninth benefit ratio rank until the end of the calendar year in which the employer's account has been chargeable with benefits

for twelve consecutive calendar quarters.

Sec. 3. Section 96.7, subsection 2, paragraph d, subparagraph (1), Code 2025, is amended to read as follows:

(1) The current reserve fund ratio is computed by dividing the total funds available for payment of benefits, on the computation date or on August 15 following the computation date if the total funds available for payment of benefits is a higher amount on August 15, by the total wages paid in covered employment excluding reimbursable employment wages during the ~~first four calendar quarters of the five calendar quarters~~ year immediately preceding the computation date. ~~However, in computing the current reserve fund ratio, beginning July 1, 2007, one hundred fifty million dollars shall be added to the total funds available for payment of benefits on each computation date.~~

Sec. 4. Section 96.7, subsection 2, paragraph d, subparagraph (2), subparagraph division (a), Code 2025, is amended by striking the subparagraph division.

Sec. 5. Section 96.7, subsection 2, paragraph d, subparagraph (2), subparagraph division (b), Code 2025, is amended by striking the subparagraph division and inserting in lieu thereof the following:

(b) If the current reserve fund ratio:

| Equals or exceeds | But is less than | The contribution rate table in effect shall be |
|---|---|---|
| — | 0.50 | A |
| 0.50 | 0.90 | B |
| 0.90 | 1.30 | C |
| 1.30 | — | D |

Sec. 6. Section 96.7, subsection 2, paragraph d, subparagraph (2), subparagraph division (d), Code 2025, is amended by striking the subparagraph division and inserting in lieu thereof the following:

(d) Each employer qualified for an experience rating

shall be assigned a contribution rate for each rate year that corresponds to the employer's benefit ratio rank in the contribution rate table effective for the rate year from the following contribution rate tables. Each employer's benefit ratio rank shall be computed by listing all the employers by increasing benefit ratios, from the lowest benefit ratio to the highest benefit ratio and grouping the employers so listed into nine separate ranks containing as nearly as possible fourteen and twenty-nine hundredths percent of the total taxable wages, excluding reimbursable employment wages, in the first six ranks, and four and seventy-six hundredths percent of the total taxable wages, excluding reimbursable employment wages, in ranks seven, eight, and nine, paid in covered employment during the four completed calendar quarters immediately preceding the computation date. If an employer's taxable wages qualify the employer for two separate benefit ratio ranks, the employer shall be afforded the benefit ratio rank assigned the lower contribution rate. Employers with identical benefit ratios shall be assigned to the same benefit ratio rank.

| Benefit Ratio Rank | Approximate Cumulative Taxable Payroll Limit | Contribution Rate Tables A | B | C | D |
|---|---|---|---|---|---|
| 1 | 14.29% | 0.00 | 0.00 | 0.00 | 0.00 |
| 2 | 28.58% | 0.40 | 0.30 | 0.10 | 0.10 |
| 3 | 42.87% | 1.20 | 0.80 | 0.40 | 0.20 |
| 4 | 57.16% | 2.10 | 1.40 | 0.60 | 0.30 |
| 5 | 71.45% | 3.60 | 2.40 | 1.10 | 0.50 |
| 6 | 85.74% | 5.40 | 4.10 | 1.90 | 0.90 |
| 7 | 90.50% | 5.40 | 5.40 | 4.20 | 2.00 |
| 8 | 95.26% | 5.40 | 5.40 | 5.40 | 2.80 |
| 9 | 100.00% | 5.40 | 5.40 | 5.40 | 5.40 |

Sec. 7. EMPLOYER SAVINGS. Any savings an employer receives as a result of this Act should be used for at least one of the

following purposes:

1. To pay for employee salaries or benefits.

2. To use as an alternative to unemployment benefits during periods of seasonal unemployment.