



# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

**H.B. 321**  
**136<sup>th</sup> General Assembly**

## Fiscal Note & Local Impact Statement

[Click here for H.B. 321's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsor:** Rep. Peterson

**Local Impact Statement Procedure Required:** No

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### Highlights

- The bill would increase contributions to the Unemployment Compensation (UC) Fund by about \$539 million from 2025 to 2036, an estimated annual average of \$49 million. This includes both employer and employee contributions.
- The bill would have no effect on the amount of unemployment benefits paid out.

### Detailed Analysis

The bill makes the following changes to the Unemployment Compensation Law:

- Raises the taxable wage base used for calculating employer contributions from \$9,000 to \$9,500, beginning on January 1, 2026; and
- Creates an employee tax of 0.14% on an employee's gross remuneration to be paid by the employees of contributory employers with negative contribution rates.

The employer is responsible for holding employee contributions and remitting them to the Ohio Department of Job and Family Services (ODJFS). Employee contributions are remitted to the credit of the mutualized account.

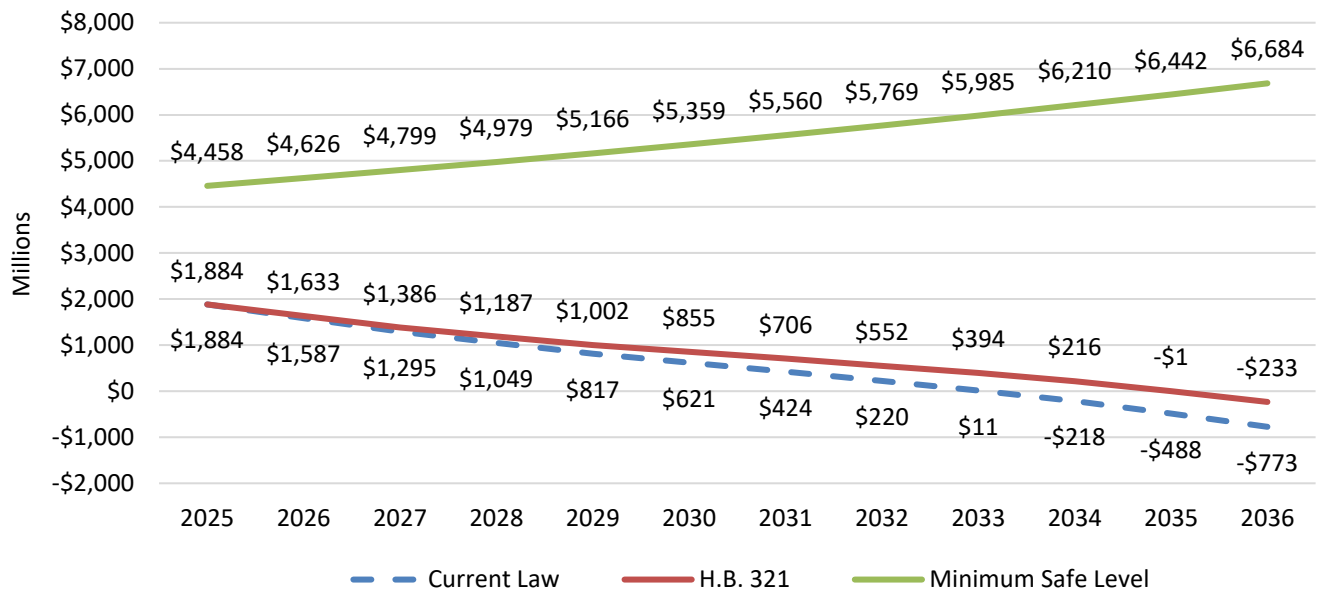
Fiscal data and projections were provided by ODJFS, which administers the Unemployment Compensation (UC) Fund. The assumptions ODJFS made were that unemployment rates would range from 4.61% to 5.32% over the years covered by the scenario. ODJFS assumed there would be no recession.

### Overall impact to the UC Fund

The overall impact to the UC Fund resulting from H.B. 321 can be seen in the chart below. Under current law, the UC Fund would have a negative balance by 2034, and the balance would

continue to decrease through 2036. Under H.B. 321, the UC Fund would reach a negative balance in 2035. Under both H.B. 321 and current law, the balance is not projected to reach the minimum safe level (MSL).<sup>1</sup> Again, this scenario assumes that there is no recession.

**Chart 1: UC Fund Projection**



## Background information

Ohio's Unemployment Program is funded by two taxes at the federal and state level. The Federal Unemployment Tax Act (FUTA) applies a 6% tax to the first \$7,000 in wages paid to covered employees in order to pay for administration costs. If a state's program satisfies federal requirements, 5.4% of that tax is offset leaving a 0.6% tax for employers. The State Unemployment Tax Act (SUTA) applies a varying tax to the first \$9,000 in wages paid to covered employees in order to finance unemployment benefits. The tax rate varies both based on the experience rate of employers as well as changes to the MSL. Information regarding the range of SUTA rates can be found in Table 1 below. The mutualized rate is collected when the mutualized account has a negative balance. The mutualized account is part of the UC Fund. It is used to pay benefits not chargeable to individual employers (e.g., a business has closed).

<sup>1</sup> The MSL is the lowest level of moneys available in the fund that would allow it to remain solvent during a moderate recession. As defined by law, the current MSL as of the July 2024 computation date is \$2,906,901,916. However, ODJFS predicts the MSL to rise to around \$6.68 billion by 2036, as seen in Chart 1.

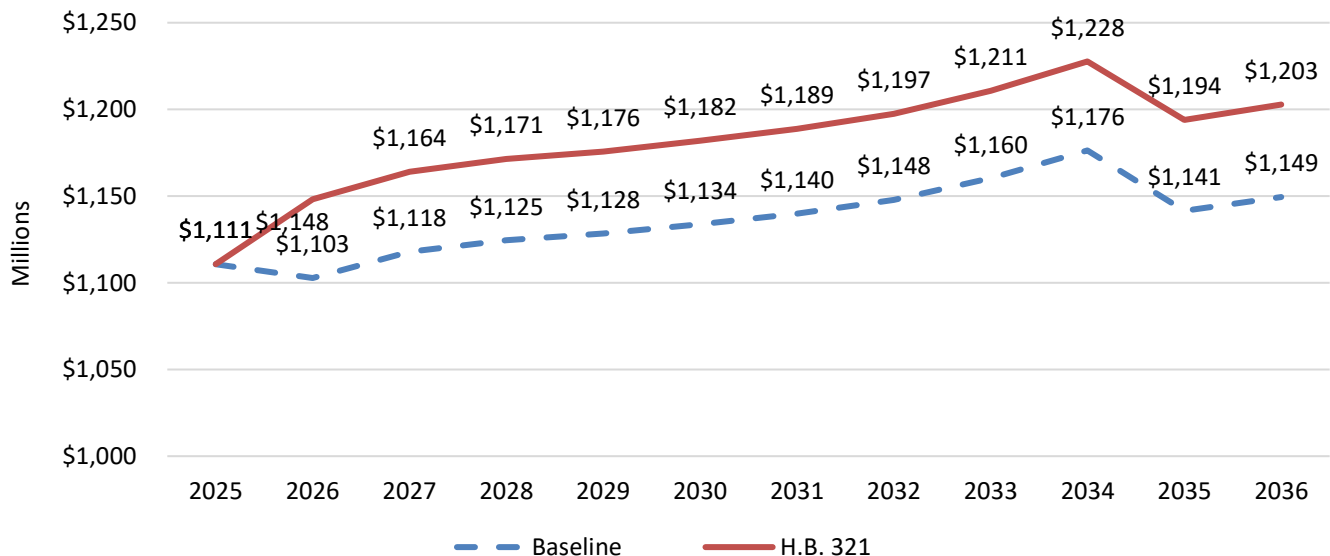
Table 1. SUTA Rates by Fiscal Year			
	2023	2024	2025
Lowest Experience Rate	0.3%	0.4%	0.4%
Highest Experience Rate	9.8%	10.1%	10.1%
Mutualized Rate	0.5%	0.5%	0.1%
New Employer Rate (excludes construction)	2.7%	2.7%	2.7%
New Construction Industry Rate	5.6%	5.6%	5.6%

Ohio's unemployment compensation system consists of two types of employers: contributory employers, who are mostly private sector employers who pay contributions into the fund, and reimbursing employers, who are mostly public sector employers and certain nonprofits who reimburse the fund when benefits are paid.

### Total contributions

In total, the contributions (including both employer and employee) would increase by about \$539 million from 2026 through 2036 compared to current projections. The average annual total contribution would be approximately \$1.19 billion, about \$49 million greater than under current law. Overall, employer contributions will make up 98% of total contribution, while employee contributions will make up the remaining 2%. The breakdown between employer and employee is shown in the two tables below.

Chart 2: Projected UC Total Contributions



## Employer contributions

The bill would expand the taxable wage base, which affects employer contributions. Contribution rates are calculated based on the balance of an employer's account as a percentage of the employer's average annual payroll. From 2025 to 2036, ODJFS estimates that the average employer UC tax rate would decrease from 2.31% to 2.18% under both current law and H.B. 321. In total, employer contributions would increase by about \$262 million from 2026 through 2036 compared to current projections. The average annual employer contribution would be approximately \$1.16 billion, about \$24 million greater than under current law.

Table 2. Projected Total Employer Contributions by Year		
Year	Current Law	H.B. 321
2025	\$1,110,753,668	\$1,110,753,668
2026	\$1,102,762,573	\$1,127,020,120
2027	\$1,117,941,911	\$1,142,236,407
2028	\$1,124,551,405	\$1,148,723,137
2029	\$1,128,331,209	\$1,152,320,794
2030	\$1,133,785,624	\$1,157,627,913
2031	\$1,139,955,517	\$1,163,671,839
2032	\$1,147,818,499	\$1,171,438,725
2033	\$1,160,315,986	\$1,183,880,251
2034	\$1,176,328,336	\$1,199,867,993
2035	\$1,141,457,433	\$1,165,168,267
2036	\$1,149,428,020	\$1,173,044,021
<b>Total</b>	<b>\$13,633,430,181</b>	<b>\$13,895,753,136</b>

## Employee contributions

The bill also creates a mandatory employee contribution of 0.14% for the employees of contributory employers with negative contribution rates. Under current law, employees do not contribute to unemployment insurance. Under H.B. 321, employees on average would contribute about \$25 million per year for a total of \$277 million from 2026 to 2036.

Table 3. Projected Total Employee Contributions by Year	
Year	Employee Contributions
2025	N/A
2026	\$21,113,326
2027	\$21,875,186
2028	\$22,643,763
2029	\$23,430,837
2030	\$24,246,906
2031	\$25,087,426
2032	\$25,950,258
2033	\$26,842,199
2034	\$27,783,213
2035	\$28,724,260
2036	\$29,715,094
<b>Total</b>	<b>\$277,412,470</b>