



For Release: 9:00 a.m.
Date: September 5, 2024

Contact: Jesse Dougherty (515) 725-5487
communications@iwd.iowa.gov

Unemployment Insurance Rates for Iowa Employers to Remain at Lowest-Possible Level in 2025

For the third consecutive year, Iowa's payroll tax rates will be the lowest allowed by state law.

DES MOINES, IOWA – Governor Kim Reynolds today announced that the schedule of unemployment insurance rates used to tax Iowa employers will again remain at the lowest possible level allowed by law. This marks the third consecutive year at the current rates, and only the third time Iowa's rates have been at this level during the past 25 years.

"I'm pleased that we'll be able to continue to support Iowa employers by maintaining unemployment taxes at their lowest possible rate," said Governor Reynolds. "Smart management of state resources, combined with smart ideas like IWD's Reemployment Case Management program, have helped us place Iowa's Unemployment Insurance (UI) Trust Fund in one of the best positions it's ever been in. Today's announcement means Iowa business owners will have one less thing to worry about as they try to navigate our uncertain national economy."

"Alongside Governor Reynolds' leadership, we've worked hard to create a sustainable tax environment for Iowa's employers to help them make clear decisions when building their workforce in today's economy," said Beth Townsend, Executive Director of Iowa Workforce Development. "Easing the tax burden and revamping our reemployment process means that we've been able to create a more responsive workforce system that also has kept our UI Trust Fund strong."

Iowa law requires Iowa Workforce Development to establish a table each year to determine the impact of unemployment tax rates on eligible employers. The trigger for deciding which unemployment insurance rate table to implement is derived from a formula based primarily on the balance in the Unemployment Insurance Trust Fund, unemployment benefit history, and covered wage growth.

The latest calculations based on this formula mean contribution rates in calendar 2025 again will be drawn from Table 8. The initial switch in tax year 2023 to Table 8 from Table 7 saved employers an estimated \$72.20 per employee (based on employee wages totaling \$36,100 or more with employers paying the median tax rate and remaining in the same tax rank).

Iowa was able to make the switch to Table 8 due to decisions by Gov. Reynolds that helped keep the Unemployment Insurance Trust Fund in a strong position following record benefit payouts during the pandemic. In 2020 and 2021, Reynolds invested a total of \$727 million of Iowa's pandemic relief funds to help backstop the trust fund during record unemployment.

###