

# NEWS RELEASE

# For Statewide Distribution



Iowa Workforce  
Development

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## Unemployment Insurance Rates for Iowa Employers to Remain at Lowest-Possible Level in 2026

After new law simplifies Iowa's UI taxes, employers' rates will continue to be lowest allowed by law.

DES MOINES, IOWA – Governor Kim Reynolds announced that for the fourth consecutive year, unemployment insurance rates will be at the lowest level allowed by law. Earlier this summer, [Governor Reynolds signed legislation](#) that revamped Iowa's unemployment insurance taxes, reducing the taxable wage base by nearly half and decreasing the maximum tax rate to the lowest allowed by federal law (5.4%). The legislation is estimated to result in nearly \$1 billion in savings for Iowa businesses over the next five years.

By signing SF 607, Governor Reynolds also simplified the unemployment tax system, reducing the number of employer contribution rate tax tables from eight to four. Iowa law requires Iowa Workforce Development to establish a table each year to determine the unemployment tax rates on eligible employers. The trigger for deciding which unemployment insurance rate table to implement is based on a formula using the balance in the Unemployment Insurance Trust Fund, and covered wage growth. As determined by the formula, the contribution rates that employers will pay in calendar year 2026 will be drawn from the new **Table D**, the lowest allowed by law.

As of August 15, 2025, the Unemployment Insurance (UI) Trust Fund had a balance of \$2,010,834,696.77.

"I am proud of the efforts we have made to reduce the unemployment tax burden on Iowa's businesses while maintaining benefits for Iowans who need them," said Governor Reynolds. "Reducing taxes should lead to employers having more resources to invest in growing and upskilling their workforce which will help grow our economy."

"Under Governor Reynolds' leadership, we have maintained one of the nation's healthiest unemployment trust funds, while taking significant steps to lower unemployment taxes," said Beth Townsend, Executive Director of Iowa Workforce Development. "Our success at helping Iowans get back to work faster means we are able to lower the overall cost of doing business in Iowa while freeing up valuable resources for employers to reinvest in their business and workforce."

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