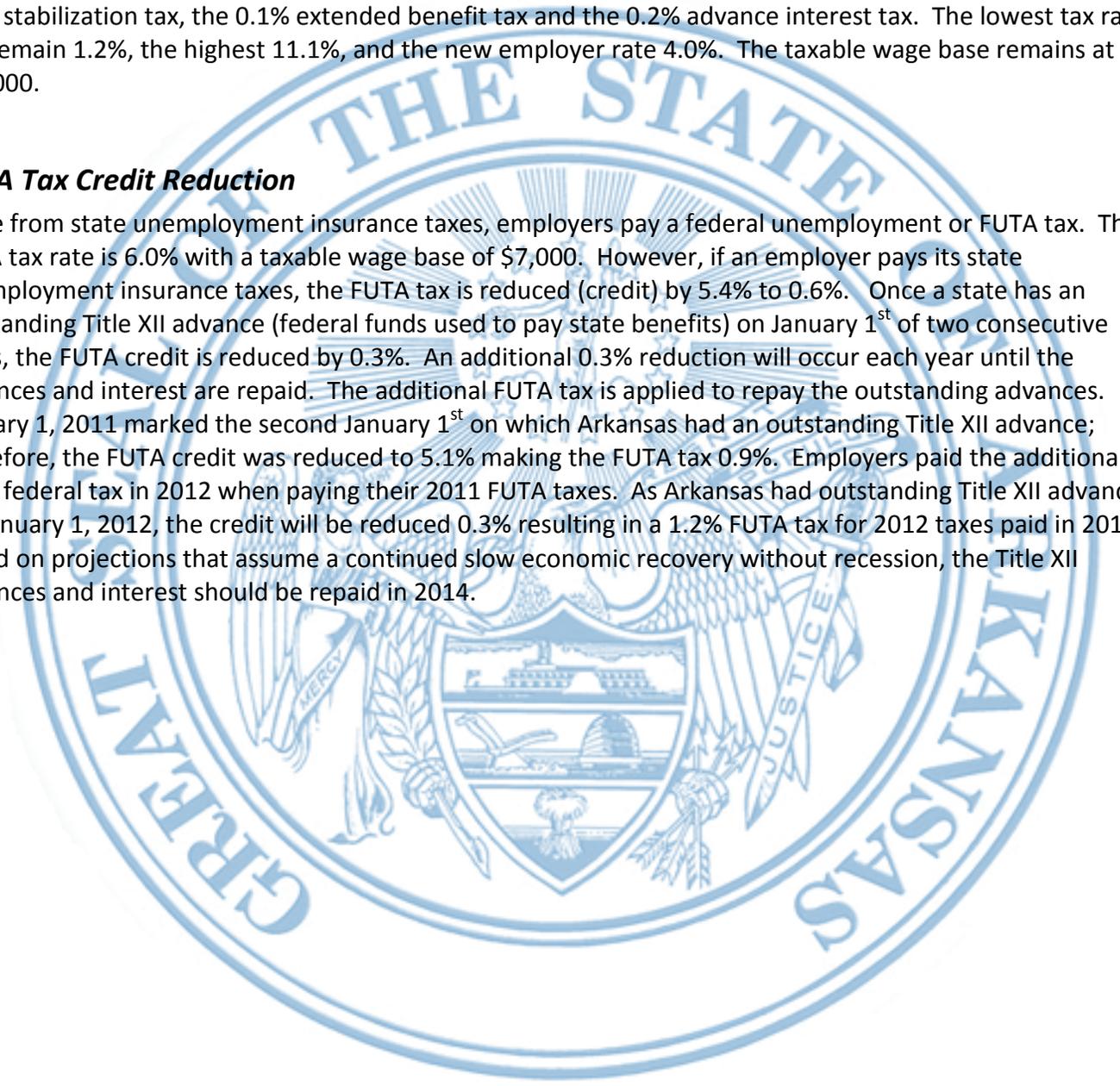

Unemployment Insurance Tax Information

2013 UI Tax Rates

In addition to the experience rate (0.1% – 10%) or new employer rate (2.9%), the 2013 rate will include the 0.8% stabilization tax, the 0.1% extended benefit tax and the 0.2% advance interest tax. The lowest tax rate will remain 1.2%, the highest 11.1%, and the new employer rate 4.0%. The taxable wage base remains at \$12,000.

FUTA Tax Credit Reduction

Aside from state unemployment insurance taxes, employers pay a federal unemployment or FUTA tax. The FUTA tax rate is 6.0% with a taxable wage base of \$7,000. However, if an employer pays its state unemployment insurance taxes, the FUTA tax is reduced (credit) by 5.4% to 0.6%. Once a state has an outstanding Title XII advance (federal funds used to pay state benefits) on January 1st of two consecutive years, the FUTA credit is reduced by 0.3%. An additional 0.3% reduction will occur each year until the advances and interest are repaid. The additional FUTA tax is applied to repay the outstanding advances. January 1, 2011 marked the second January 1st on which Arkansas had an outstanding Title XII advance; therefore, the FUTA credit was reduced to 5.1% making the FUTA tax 0.9%. Employers paid the additional 0.3% federal tax in 2012 when paying their 2011 FUTA taxes. As Arkansas had outstanding Title XII advances on January 1, 2012, the credit will be reduced 0.3% resulting in a 1.2% FUTA tax for 2012 taxes paid in 2013. Based on projections that assume a continued slow economic recovery without recession, the Title XII advances and interest should be repaid in 2014.

The seal of the State of Arkansas is a large, light blue watermark in the background. It features a central shield with a cotton plant, a ship, and a plow. Above the shield is an eagle with wings spread, holding a banner that says 'MERCY' and another that says 'JUSTICE'. The words 'THE STATE OF ARKANSAS' are written in a circular path around the shield.