



SC Department of Employment and Workforce

NEWS RELEASE

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**Gov. Henry McMaster and DEW Executive Director Dan Ellzey
Announce 2021 Tax Rates for Employers**

Tax rates will decrease or remain the same for more than 86% of state's employers

Columbia, S.C. – Gov. Henry McMaster and S.C. Department of Employment and Workforce (DEW) Executive Director Dan Ellzey announce that despite the pandemic, unemployment insurance tax rates for 86.3% of South Carolina employers will remain unchanged or decrease for 2021 and there will be no flat rate tax increases on employers.

This is thanks to several efforts:

- The South Carolina General Assembly approved up to \$920 million of CARES Act funding to:
 - Freeze 2021 tax rates at their 2020 levels and
 - Replenish the Unemployment Insurance Trust Fund balance.
- The agency maintained diligent rebuild efforts for the UI Trust Fund after the Great Recession to ensure the state could withstand another economic crisis.

“South Carolina is fortunate to have understood the importance of fiscal responsibility while we enjoyed the greatest economy in our state’s history,” said Gov. Henry McMaster. “Nobody could have predicted the pandemic’s impact on our nation and state, but because of our collaboration with DEW leadership and members of the General Assembly, we were able to have confidence that our state’s unemployment system was financially prepared. Because of that preparation, South Carolina’s economy is going to continue recovering faster than any other state in the country.”

An employers’ tax bracket is usually based on their usage of the Unemployment Insurance (UI) program. The more layoffs they have, the more taxes they typically pay. However, in March, DEW proactively announced that employers would not be penalized financially for any COVID-19 related job losses. Without the CARES Act funding, there would likely have been a rebuild of approximately \$885 million between 2022 and 2025; however, because of the foresight and planning of resources, the expected future rebuild – based off current best projections – will likely be between \$6.1 and \$73.6 million spread over four years.

“We anticipate saving South Carolina employers an estimated \$172.4 million in UI taxes in 2021, significantly reducing the impact of the pandemic on employers. This keeps money in the pocket of businesses as they look for additional ways to rebuild, re-open and continue to re-hire. Under the leadership and support of Gov. McMaster and the General Assembly, and partnership of the business community, South Carolina employers will not face higher taxes due to pandemic-related layoffs,” said Director Ellzey.

Although tax rates for each tax class are frozen at their 2020 levels, individual businesses may still move between classes based on their unemployment claim activity that was prior to the pandemic and/or not COVID-19 related.



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All businesses with charges against their accounts are provided a “charge statement” quarterly to review and have 30 days to protest any charges they do not believe should be on their account.

Currently, 21 states have an outstanding federal loan to pay their unemployment benefits and one additional state has requested authority to borrow, but has not drawn those funds down yet.

During the Great Recession, South Carolina borrowed nearly \$1 billion from the federal government in order to provide unemployment benefits. The agency, however, was able to pay off the loan early, saving businesses roughly \$12 million in interest. After the loan was paid off in 2015, the Legislature passed regulation requiring DEW to rebuild the trust fund within five years to a level that would cover potential benefit needs of a typical recession cycle without borrowing from the federal government. The agency completed the rebuild effort in 2019.

Tax rate notices will be mailed to businesses Friday, November 13, but are currently available in an employer’s State Unemployment Insurance Tax System (SUITS) account. A guide showing how to access this rate can be found [here](#).

Click [here](#) to view the 2021 tax rate chart.

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About the S.C. Department of Employment and Workforce

The S.C. Department of Employment and Workforce is putting South Carolinians to work. The agency has four missions: (1) workforce development; (2) free job match employment services; (3) unemployment insurance; and (4) labor market information. All four missions contribute to workforce development. The agency is dedicated to advancing South Carolina through services and programs that meet the needs of our businesses, jobseekers and those looking to advance their careers.