

INFO LINK

Your link to information regarding North Dakota Unemployment Insurance

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Centralized Services
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2002 Taxable Wage Base

The maximum amount of each worker's wages subject to taxation for Unemployment Insurance for 2002 will be \$17,400.

Employer's Contribution and Wage Reports for the quarter ending Dec. 31, 2001, are due and must be submitted by Jan. 31, 2002.

Looking Ahead to 2003 Unemployment Insurance Rates

The 2002 Unemployment Insurance Tax Rate Notices were recently mailed to all employers. You may notice changes in your tax rate since last year. Significant changes to the Unemployment Insurance tax law enacted by the 1999 Legislative Assembly affect the determination of Unemployment Insurance tax rates (Sections 52-04-05 and 52-04-06).

The Legislature intended that the changes would shift more of the tax burden to those employers having the highest benefit charges against their accounts. Recognizing the potential impact of shifting the tax burden and at the same time intending to build the Trust Fund Reserve, the Legislature provided for a transition into the new rates. For tax (calendar) years 2000, 2001, and 2002, with a few exceptions, no employer's tax rate increased by more than 30% or decreased more than 10% of their previous year's tax rate. Consequently, the tax rate you are assigned in the notice may not correspond to the tax rate within the schedule that applies to the reserve ratio of your account.

Tax Year 2002 is the last year where the rate limiters will apply. Please review your Tax Rate Notice closely to determine whether the rate limiters affected your 2002 tax rate or if the tax rate corresponds to the reserve ratio. If the rate limiter did apply for 2002, your 2003 rate may be significantly higher, especially if you are an employer whose unemployment insurance account had a positive balance for tax year 2000, had a low 1999 tax rate (0.20% or 0.40%), and continues to have a positive balance for tax year 2002.



To determine if your 2002 tax rate corresponds to the tax rate within the schedule that applies to the reserve ratio of your account, use the RESERVE RATIO included in your Tax Rate Notice. Apply the reserve ratio to the appropriate tax rate on the appropriate schedule, Positive Balance Account or Negative Balance Account. The "RESERVE" amount in the Total All Years column determines whether yours is a positive balance or negative balance account.

Business Tax Workshops Continue

The one-day workshops about "Tips for Improving Your 2001 Tax Returns" are still open for March 2002. Contact the Small Business Development Center at their website — <http://bpa.und.nodak.edu/sbdc>, e-mail at ndsbdc@sage.und.nodak.edu or phone at 800-445-7232. You can also refer to the June 2001 Info Link issue for information about these workshops.

Cross Matching New Hires and Benefit Claimants

Under the provisions of the Welfare Reform Act of 1996, North Dakota employers are required to report all newly-hired employees to the North Dakota Department of Human Services within 20 days of the employee's starting date. Though this article does not deal with the legal requirements of the New Hire provision of the Welfare Reform Act, it will demonstrate how timely responses to the New Hire requirements can affect an employer's Unemployment Insurance (UI) rate or quarterly billing liability.

Job Service North Dakota in conjunction with the ND Department of Human Services, cross matches new hire listings with UI claimant lists in an effort to reduce improper unemployment insurance benefit payments to claimants. On a weekly basis, new hire listings provided by the ND Department of Human Services are compared to current unemployment listings to identify individuals reported as new hires by employers who are currently filing claims for UI.



Review of overpayments for UI claims generated in October 2001 demonstrated that the new hire cross matching process is stopping individuals from continuing to draw UI benefits while they are working and also reducing the duration of benefit payments to claimants.

Individuals who fail to report wages or have returned to work and have continued to draw unemployment, may face long term disqualifications, overpayments, and in some cases may be referred for criminal prosecution.

In essence, the sooner employers report new hires to the ND Department of Human Services, the sooner Job Service can cross match with current UI claims.

Applying for Corporate Officer/LLC Manager Exemption

For other than new entities, the last date for filing an "Application to Exempt Corporate Officers or Limited Liability Company Managers from Unemployment Insurance Coverage" is January 31. Certain corporate officers and LLC managers with 25% or more ownership may apply for this exemption. If ownership falls below the required 25%, the exemption is no longer in effect. **If you have an exemption on file, you do not need to reapply.**

Employers should be aware that FUTA tax consequences should be examined before selecting this option.

For this form, go to our website, call your Customer Service Consultant or 800-472-2952.

Question of the Quarter —



I received a notice telling me that I had a credit with Job Service North Dakota. How do I use a credit or add an amount due on my account?

In "5. Adjustments for Prior Balance" on the Employer's Contribution and Wage Report, enter the credit amount and subtract it from the contribution due. If the credit is too large to use in a reasonable time, you may request a refund in writing.

For an amount due from a previous quarter, enter the amount due (in "5. Adjustments for Prior Balance") and add it to the current quarter's contribution due.

CUSTOMER SERVICE CONSULTANTS

Our staff are available to answer your questions at any of the following locations:

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