

INFO LINK

Your link to information regarding North Dakota Unemployment Insurance

December 2003



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***Employer's
Contribution and Wage
Reports for the quarter
ending
Dec. 31, 2003, are due
and must be
submitted by
Jan. 31, 2004***

2004 Taxable Wage Base

The maximum amount of each worker's wages subject to taxation for Unemployment Insurance for 2004 will be \$18,500.

Legislative Interim Committee Studies UI

The Unemployment Insurance program is being scrutinized by a Legislative Council interim committee. The focus is on UI tax equity, and on the future solvency of the UI Trust Fund. The interim Commerce Committee chaired by Representative George Keiser (R-Bismarck) has been charged with looking at tax equity as between positive and negative balance employers. Another Committee focus is on the desirability of creating an advisory committee for the UI program. Finally, the Committee is also focusing on the impact of landmark legislation passed in the 1999 biennial session. That legislation was designed to bring the UI Trust Fund, which had experienced more benefit payouts than revenue for the preceding five years (1994-1998), to a level (by 2007) sufficient to pay unemployment benefits for one year without additional funding. It was also designed to lessen the "deficit" between what negative balance employers pay into the Trust Fund, and what their former employees draw in benefits.



The Committee has had four meetings in four different locations in the State. The Committee has been seeking business input about the Unemployment Insurance program, tax rates, and Trust Fund solvency. During those meetings, the Committee has heard from UI staff that the Trust Fund was progressing ahead of projections towards the solvency target; and that the amount of the "deficit" attributable to negative balance employers has been significantly reduced. The Committee also heard from others who suggested further legislative action to reduce the negative balance employers "deficit;" and from those pointing out the economic value of the construction industry (which industry contains a significant number of negative balance employers) to North Dakota.

At its next meeting, probably in January, 2004, the Committee will take up a bill draft to create a UI advisory committee; and consider proposals to further reduce the "deficit" attributable to negative balance employers. Employers who wish to participate in the Committee's further deliberations can find information about the Committee's meeting dates, times, sites, and agenda at the following website: <http://www.state.nd.us/lr/council/interim/meetings/>.

Identity Theft

Identity theft is a crime that can have devastating effects on the lives of people.

Recent investigations in the United States have found instances where organized groups have actually gone through the garbage of businesses or individuals to obtain records showing employee or personal information



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such as Social Security numbers, bank account information, medical history, etc. This is precisely the type of information that enables these groups to steal people's identities, usually for the purpose of purchasing items of monetary value without having to pay for them themselves.

As an employer you are the custodian of much information that could be used this way. Great care should be used when discarding or storing records containing personal information. Please dispose of or store the records in such a way that they could not be obtained and used by someone who may use them in an unscrupulous manner.

Reporting Corporate Officer or LLC Manager Wages and Applying for Exemption

The North Dakota Unemployment Compensation Law provides that work performed by corporate officers or certain limited liability company (LLC) managers who receive remuneration must be reported on Job Service North Dakota Employer's Contribution and Wage Reports as taxable wages. However, the Law also provides an option for an exemption in certain cases. To find out if you qualify for the exemption option you may contact your customer service consultant (listed in this newsletter), or call 800-472-2952. The application form ([SFN 18411](#)) is available on our website at jobsnd.com (under Unemployment Insurance, click on Forms).



Employers considering this option should keep in mind that the Federal Unemployment Tax Act (FUTA) does not provide for this exemption. FUTA tax ramifications should be examined before selecting this option.

Wages exempted under this provision are not subject to North Dakota unemployment insurance taxes or usable on claims for unemployment benefits.

The "Application to Exempt Corporate Officers or Limited Liability Company Managers from Unemployment Insurance Coverage" must be filed by January 31 of the year it is to become effective (or within 60 days of the formation of the corporation or LLC).

This option works best for those with a high tax rate (6.49% and above).

Question of the Quarter —



"How is the Taxable Wage Base calculated?"

While all covered wages are reportable by employers each quarter, there is a limit on the amount of each employee's wages that is taxable. This limit is called the Taxable Wage Base, and it is recalculated by Job Service North Dakota each year. The maximum amount of each worker's wages subject to taxation each year is 70% of the statewide Average Annual Payroll, rounded to the nearest one hundred dollars.

CUSTOMER SERVICE CONSULTANTS

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

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