

INFO LINK

Your link to information regarding North Dakota Unemployment Insurance

December 2004



Unemployment Insurance
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DUE DATES!

***Employer's
Contribution and
Wage Reports for
the quarter ending
December 31, 2004,
are due and must be
submitted by
January 31, 2005***

Reports not filed by
the due date are
subject to penalty
and interest charges.

SUTA Dumping - What is it?

Some employers and financial advisors have found ways to attempt to manipulate state Unemployment Insurance experience rating systems so that these employers pay lower state unemployment compensation taxes than their unemployment experience would otherwise allow. This practice is called SUTA dumping. ("SUTA" refers to State Unemployment Tax Acts.) Some methods that may be used in SUTA dumping include employers taking one or more of several possible actions to reorganize, obtain the shell of a discontinued business and use that history to negate some or all of their own experience rating history, or begin coverage for their business up to two to three years before an anticipated large payroll in order to have an experience rate by the time the large payroll begins.

Currently, North Dakota statute does have some provisions that help prevent SUTA dumping. North Dakota Century Code (NDCC) 52-04-08 provides for mandatory transfer of the history of a predecessor to a successor when it is found that both entities are/were owned or controlled by substantially the same interests. NDCC 52-04-06, Subsection 6 provides that an employer whose risk to the Trust Fund increases significantly during the tax year will have its rate adjusted immediately to protect the Trust Fund from this additional risk.

Congress passed Public Law (P.L.) No. 108-295, the "SUTA Dumping Prevention Act of 2004", signed by the President on August 9, 2004. This law requires all states to amend their Unemployment Compensation laws to conform with this new legislation. A bill will be introduced in the 2005 Legislative Assembly to comply with the federal requirement.

Corporate Officer Exemptions

North Dakota Unemployment Compensation Law provides that work performed by corporate officers or certain limited liability company managers who receive remuneration must be reported as taxable wages on all quarterly reports filed with Job Service North Dakota. However, the Law also provides an option for an exemption in certain cases. To find out if you qualify for this exemption option, you may contact your Customer Service Consultant, or call 1-800-472-2952. The application form (SFN 18411) is available on our website at jobsnd.com. Below are important items to consider before applying for an exemption:

The Federal Unemployment Tax Act (FUTA) does not provide for this exemption.

Employers considering this option should examine ramifications to their FUTA tax. Wages exempted are not subject to ND Unemployment Insurance taxes, or usable on claims for unemployment benefits.

The application must be filed by January 31 of the year in which it is to become effective, or within 60 days of formation of the corporation or LLC.

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

Work Continues on Development of Online Services

In the September 2004 issue of *Info Link*, we informed you about a new interactive Internet system that Job Service North Dakota is developing for employers and claimants.



UI EASY (Unemployment Insurance Employer Account System) is the employer system, and **UI ICE** (Unemployment Insurance Internet Claims Entry) is the claims filing system.

UI EASY will allow employers to file their quarterly reports, view and change certain account information (address, status), and make ACH debit payments online. **UI ICE** will allow individuals to establish claims and to certify weekly eligibility online.

Job Service staff has been busy testing the system prototypes. The goal of user testing is to ensure the systems work in accordance with expectations, identify potential problems before they occur to allow for proactive adjustments, and to provide a high level of confidence in the reliability of the systems.



We will let you know on the implementation of these new systems as soon as they are available. Watch for **UI EASY** and **UI ICE** coming soon to a computer near you!

Question of the Quarter —

“How can a business control and manage Unemployment Insurance costs?”

Unemployment Insurance benefits paid to former employees is one of the factors in the calculation of an employer’s Unemployment Insurance tax rate, and Job Service North Dakota does want your business to do well. Consider these points:



- Hire the right person for the job,
- Have sound, clearly defined employee policies and procedures in place, and consistently apply them,
- Maintain good documentation,
- Train supervisory and management staff in:
 - how benefit amounts and tax rates are determined and,
 - appropriate responses at various stages of claims filing and the supervisor’s role in that process.

Job Service North Dakota has additional information on Cost Containment on our website at jobsnd.com. Contact your Customer Service Consultant, or call 1-800-472-2952.

CUSTOMER SERVICE CONSULTANTS

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

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