

## IN-PERSON APPEAL HEARINGS AVAILABLE IN DENVER

Unemployment Insurance (UI) Appeals appreciates your patience during the remodeling of the Colorado Department of Labor and Employment's office building at 251 East 12<sup>th</sup> Avenue. The lobby area and the waiting area for UI Appeals hearings have been remodeled. In addition, more recent renovations of Appeals hearing offices are now complete.

During the renovation of hearing offices, there were no in-person hearings in Denver. Participating at a hearing in person in Denver is **once again offered** as an option. Please carefully read your hearing notice for the location of your hearing or the telephone number of the hearing officer should you decide to participate in the hearing by telephone.

## STATE UNEMPLOYMENT TAX ACT DUMPING LEGISLATION

State Unemployment Tax Act (SUTA) dumping is a tax-avoidance method used by some employers to reduce their unemployment insurance (UI) tax rate and is a national problem. To address SUTA dumping at the national level, in August 2004 Congress passed and the President signed legislation requiring all states to amend their UI laws to close loopholes used by some employers to avoid paying UI taxes. The Colorado legislature passed and the Governor signed House Bill 05-1092, SUTA Dumping Prevention, which changes Colorado's UI law to close existing loopholes. This legislation allows the UI Program to enforce laws preventing SUTA dumping.

## NEW HIRE VERIFICATION

Colorado's Unemployment Insurance (UI) Program participates in a federal matching program whereby information provided by private employers and government agencies is made available to the UI Program through the National Directory of New Hires (NDNH). UI Programs nationwide are implementing this new program after successful pilots in several states, including Utah. The purpose of the NDNH matching program is to stop or limit overpayments to claimants who fail to report new employment, to improve fraud-detection efforts, and ultimately to protect the UI Trust Fund.

As with other monitoring efforts, the matching program is dependent on assistance from employers to verify information. The UI Program is placing emphasis on calling employers to verify new-hire start dates to ensure UI benefits discontinue for claimants who are employed. It is important that employers and payroll services maintain current telephone numbers and addresses with the UI Program. To verify that UI Operations has your correct contact information, call 303-318-9100, or visit [www.coworkforce.com/](http://www.coworkforce.com/). Select the **E-Services** link. Then select the **Employer-Change-of-Business-Address** link.

Form UIB-144, Request to Employer for Earnings Data, may be mailed to you for verification of a new-hire date and earnings. Please complete and return this form in a timely manner.

## COLORADO ASSISTS HURRICANE RECOVERY EFFORTS

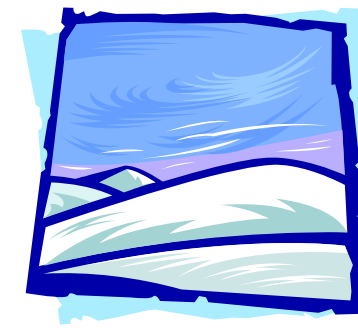
The Colorado Department of Labor and Employment (CDLE) joined several other states in assisting displaced workers impacted by Hurricane Katrina with filing unemployment insurance (UI) claims. UI claims were filed by telephone with the assistance of Colorado UI Program staff. The correct liable state is charged for these UI claims; Louisiana is the liable state for 90 percent of the claims filed. Once claimants exhaust state UI money, UI benefits pay out of federal Disaster Unemployment Assistance funds.

Reemployment services were offered to displaced workers by CDLE's Employment Programs in conjunction with the state Governor's office and the city and county of Denver through the mayor's office. Information about relief efforts in Colorado has a link on the [CDLE Home Page](#).



# UI Quarterly News

## 4th Quarter 2005



**Reminder:** The *UI Quarterly News* is published on the Internet. The most current information regarding unemployment insurance (UI), including current and previous newsletters, is available at [www.coworkforce.com/UIT/](http://www.coworkforce.com/UIT/).

Hard copies of the *UI Quarterly News* are available through UI Operations at:  
303-318-9100 (Denver-metro area) or  
1-800-480-8299 (outside Denver-metro area)

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**Colorado Department of Labor and Employment**  
**Unemployment Insurance Operations**  
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Bill Owens  
Governor



Rick Grice  
Executive Director

## UNEMPLOYMENT INSURANCE TRUST FUND LEVEL INCREASING

The monetary level of the Unemployment Insurance (UI) Trust Fund has increased by approximately 65 percent over the past year. The increase is the result of an improved economy and continuing efforts to rebuild the fund in recent years. The balance of the UI Trust Fund as of June 30, 2005, was \$220,977,176. This is a significant increase over the balance as of June 30, 2004, which was \$133,879,065.

The monetary level of the UI Trust Fund directly impacts the tax rates assigned to employers. As the fund level goes up, Colorado statute provides for a gradual annual lowering of the base rate. When the UI Trust Fund reaches an acceptable level of solvency, the solvency tax surcharge will no longer be in effect.

### UNEMPLOYMENT INSURANCE TAX RATES FOR 2006

Due to the increase in the monetary level of the Unemployment Insurance (UI) Trust Fund, there is a decrease in the 2006 base tax rates for many employers. According to the tax rate schedule in the Colorado Employment Security Act (CESA) 8-76-103 (3)(b)(II), the base tax rate is moving two rate schedules to the left.

In accordance with CESA 8-76-102 (5)(a), a solvency tax surcharge (STS) was assigned to ratable employer accounts beginning in calendar year 2004. This STS is a result of the UI Trust Fund's level of solvency decreasing below a level that ensures the ability of the UI Program to pay UI benefits. The STS is added to the standard or computed rate when the UI Trust Fund balance on any June 30 is equal to or less than nine-tenths of one percent of the total wages reported by ratable Colorado employers for the calendar year or the most recent available four consecutive quarters prior to the last computation date. In 2006 the STS will be in its third incremental year.

On May 25, 2005, the Governor signed into law House Bill (HB) 05-1208, Solvency Tax Surcharge Modification. HB 05-1208 uses a comparison of the ratio of the UI Trust Fund balance to the total wages reported by ratable employers on June 30, 2005,

to the ratio on June 30, 2004, to determine if the 2006 incremental increase is to be credited back for calendar year 2006. For rate year 2006, the UI Trust Fund balance is at a level such that the STS yearly increment is credited back to employers as an adjustment.

### TAX RATE NOTICE FOR CALENDAR YEAR 2006

All employers will receive Form UITR-7, Notice of Employer's Tax Rate, by December 2005. This notice contains your new tax rate for calendar year 2006. Do **not** use your 2006 tax rate when calculating taxes for the fourth quarter of 2005.

### ADJUSTMENT TO SOLVENCY TAX SURCHARGE

In June adjusted tax rate notices were mailed to employers who's tax rates were affected by a change in the method for calculating the solvency tax surcharge (STS). This STS adjustment was implemented after the due date for filing first quarter of 2005 tax-and-wage reports. All accrued penalty and interest on the increased STS owed for the first quarter of 2005 is being waived through 12/31/2005. If the increased STS due for the first quarter of 2005 is not paid by 11:59 p.m. on 12/31/2005, as of 01/01/2006 the amount owed will be considered past due with penalty and interest assessed. (Penalty and interest begins as of 01/01/2006 and is not retroactive.) For example, if, due to the STS adjustment, an employer's tax bill for the first quarter of 2005 was increased from \$10,000 to \$11,000, accrued penalty or interest is waived against the additional \$1,000 through 12/31/2005. If the additional \$1,000 is not paid by 12/31/2005, penalty and interest will be assessed (beginning on 01/01/2006) on this past-due amount.

### CONTINUE TO FILE ON CURRENT TAX-AND-WAGE REPORTS

The release dates for the benefits and tax implementations of the State Unemployment Program E-government Resource (SUPER) system have yet to be finalized. Until you are notified to begin filing on the new tax-and-wage report, please **continue** to file your tax-and-wage report in the **current manner** (using the available option of your choice). Monitor the progress of implementation by clicking on the **SUPER System Information**

link at [www.coworkforce.com/UIT/](http://www.coworkforce.com/UIT/). This Web page contains any updates to implementation dates.

Please do not pay quarterly unemployment insurance tax-report payments that are less than \$5. Quarterly tax-and-wage reports must be submitted by the due date regardless of the amount owed. Remember to make all checks for unemployment insurance tax payments payable to the "Colorado State Treasurer."

### FILING TAX REPORTS ONLINE

If you are not doing so already, we encourage you to file your tax and/or wage reports online. To file the wage report, you must report wages for 100 or fewer employees. Employers reporting wages for more than 100 employees must file their wage report by another method. However, all employers, including employers reporting wages for more than 100 employees, can file their tax report online by bypassing the wage report. From [www.coworkforce.com/](http://www.coworkforce.com/), click on **File Your Tax/Wage Report**. On the second page of the **Unemployment Insurance Quarterly Wage and Tax Report Web Site**, click on **Tax Report** (located on the lower-left corner of the page). You will be taken directly to the tax report. Follow the instructions for entering the wage information required for calculating the amount owed. These instructions also apply to those employers who want to file tax reports that indicate zero wages were paid for the quarter.

NOTE: By clicking on **Total**, the system automatically calculates the **Total Taxable Wages, Taxes Due, and Total Amount Due**.

### QUESTIONS OR CONCERNS?

To contact us, call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area). For tax questions and issues related to your account, send e-mail inquiries to [unemp.tax@state.co.us](mailto:unemp.tax@state.co.us). Send comments or questions related to the *genesis* Project and the State Unemployment Program E-government Resource (SUPER) system to the *genesis* Employer mailbox at [uiemployerinquiry@state.co.us](mailto:uiemployerinquiry@state.co.us).