

HOUSE BILLS OF INTEREST FROM THE 2006 LEGISLATIVE SESSION

For information about the 2006 legislative session, visit www.leg.state.co.us. During the 2006 legislative session, three bills of interest to employers were signed into law:

House Bill (HB) 06S-1017, signed by Governor Owens on July 31, 2006, requires employers to document and affirm the legal work status of employees hired on or after January 1, 2007. The bill authorizes the Colorado Department of Labor and Employment (CDLE) to conduct random audits of employers to ensure compliance.

HB 06S-1023, signed by Governor Owens on July 31, 2006, and effective August 1, 2006, requires all persons 18 years or older to sign a sworn affirmation and provide proof of identification establishing their lawful presence in the United States in order to receive certain benefits from the state of Colorado, including unemployment insurance benefits.

HB 06-1343, signed by Governor Owens on June 6, 2006, and effective August 7, 2006, requires state agencies and political subdivisions to contract for services with contractors who do not employ illegal aliens. HB 06-1343 authorizes CDLE to conduct investigations. (An electronic complaint form is available on the CDLE Web site at www.coworkforce.com under the "Investigations & Criminal Enforcement" heading.)

VERIFY SOCIAL SECURITY NUMBERS, NAMES, AND IMMIGRATION STATUS OVER THE INTERNET

Employers can verify social security numbers and names of current and former employees over the Internet. This free service is available through the Social Security Administration and can be used only to ensure that the records of current or former employees are correct for the purpose of completing Internal Revenue Service Form W-2, Wage and Tax Statement. The service is available to all employers and third-party submitters of wage data for this purpose. Use of this service helps to ensure employers' wage records are accurate. For more information and to use this service, go to www.socialsecurity.gov/employer/ssnv.htm.

The Systematic Alien Verification for Entitlements (SAVE) Program is a service for verifying an employee's immigration status that is available through the Department of Homeland Security Immigration and Customs Enforcement. To register with the SAVE Program, go to <https://www.vis-dhs.com/EmployerRegistration>.



Job Fair
Tuesday, October 3, 2006
11 a.m. to 5 p.m.
Adam's Mark Hotel

The currency of **economic growth** is **employment**. In support of employment is **education**. Economic growth, employment, and education are the three "e"s that are the focus of the 2006 E3 Job Fair.

The E3 Job Fair, hosted by the Colorado Department of Labor and Employment and the Denver-metro area workforce centers, brings together representatives from business (including new-growth sectors), government, and academia. Job opportunities are made available to the workforce from a wide representation of Colorado businesses. Solutions are offered to strengthen communities, build businesses, and foster economic opportunity. Tips for improving a résumé are offered.

If your business has job openings, call Julie Berge at 303-318-8836 for a **free booth**.

For additional information, visit www.coworkforce.com/wd.

QUESTIONS OR CONCERNS?

For tax questions and issues related to your account, you can contact Unemployment Insurance Operations by calling 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area) or by sending an e-mail to unemp.tax@state.co.us.

UI Quarterly News 3rd Quarter 2006



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/; click on **UI Tax Newsletter**.

To obtain a hard copy of the *UI Quarterly News*, send an e-mail to unemp.tax@state.co.us or call one of the telephone numbers below.

Colorado Department of Labor and Employment
Unemployment Insurance Operations
P.O. Box 8789, Denver, CO 80201-8789
303-318-9100 (Denver-metro area)
1-800-480-8299 (outside Denver-metro area)
www.coworkforce.com

Bill Owens
Governor



Rick Grice
Executive Director

UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

The monetary level of the Unemployment Insurance (UI) Trust Fund has increased over the past year. The increase is the result of an improved economy and continuing efforts to rebuild the fund.

The monetary level of the UI Trust Fund directly impacts the tax rates assigned to employers. As the fund level increases, 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. Please refer to the article titled "Solvency Tax Surcharge for 2007" for a more detailed explanation.

The balance of the UI Trust Fund as of June 30, 2006, was \$445,411,793. This is an increase over the balance as of June 30, 2005, which was \$220,977,176.

UNEMPLOYMENT INSURANCE TAX RATES FOR 2007

Due to the increase in the monetary level of the Unemployment Insurance Trust Fund, there is a decrease in the 2007 base tax rates for many employers. According to the tax-rate schedule in the Colorado Employment Security Act 8-76-103 (3)(b)(II), the base tax rate is moving five rate schedules to the left (see column heading "396 to 450 Million").

You will receive notification of your tax rate for 2007 on Form UITR-7, Notice of Employer's Tax Rate. The Notice of Employer's Tax Rate will be mailed in November 2006.

SOLVENCY TAX SURCHARGE FOR 2007

In accordance with the Colorado Employment Security Act 8-76-102 (5)(a), a solvency tax surcharge (STS) was assigned to ratable employer accounts beginning in calendar year 2004. This STS is the result of the Unemployment Insurance (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.

The STS was assessed to employers for rate years 2004 and 2005.

The ratio of the UI Trust Fund balance to the total wages reported by ratable employers on June 30, 2005, exceeded the ratio on June 30, 2004, allowing for the 2006 STS increase to be credited back to most employers according to House Bill (HB) 05-1208, Solvency Tax Surcharge Modification. HB 05-1208 was in effect for rate year 2006 only.

As of June 30, 2006, the UI Trust Fund balance stood at six-tenths of one percent of the total wages reported by ratable Colorado employers. Since the UI Trust Fund balance is less than nine-tenths of one percent of the total wages reported by ratable Colorado employers, the STS will be assessed for rate year 2007.

Information about the STS for rate year 2006 is available on the UI Tax Web site at www.coworkforce.com/UIT. Click on **Solvency Tax Surcharge and Its Impact on Tax Rates for Calendar Year 2006**. In November 2006 please refer to the UI Tax Web site for updated information about the STS for calendar year 2007.

STATE UNEMPLOYMENT TAX ACT DUMPING PREVENTION

State Unemployment Tax Act (SUTA) dumping is a practice of some employers to create new business entities for the purpose of transferring employees and, in some cases, a part of the organization, trade, or business in order to deliberately avoid an increase in their unemployment insurance (UI) tax rate caused by UI benefit payments attributable to an existing company.

The UI Program is implementing a tax-analysis program to detect signs and patterns of fraud in UI tax-account activity. The UI Program's efforts to detect tax fraud target both active and inactive UI tax accounts.

In order to help protect the integrity of the UI Trust Fund and minimize the negative impact that SUTA dumping has on UI tax rates, employers with knowledge of SUTA dumping practices

may report information to the Director of UI Integrity at 303-318-9036. The source of the information is kept confidential.

NEW PROCEDURES FOR EMPLOYERS ACQUIRING ANOTHER BUSINESS

Due to recent law changes, Unemployment Insurance (UI) Operations requires additional information about a new business that is established due to the purchase or acquisition of another business or some portion of another business. An acquisition is defined as gaining ownership of the assets, stock, and/or employees of a previously established business. An acquisition can occur as a result of the reorganization of an existing business. If you have acquired a business or some portion of a business, you must complete Form UITL-67, Business-Acquisition Questionnaire. To download the form, go to www.coworkforce.com and click on **UI Business Forms**. You may also contact UI Operations at 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area) to request the form.

POWER OF ATTORNEY REMINDER

Form UITL-18, Power of Attorney, must be submitted to Unemployment Insurance Operations before information about an employer account can be provided to anyone other than the employer. If one power of attorney (POA) is discontinued and a new POA is established, the effective date of the acceptance and/or discontinuation must be included on the form. The Power of Attorney form must be notarized. To download the Power of Attorney form, go to www.coworkforce.com and click on **UI Business Forms**.

REMINDER

Employers will receive Form UITR-7, Notice of Employer's Tax Rate, by December 2006. To verify that Unemployment Insurance Operations has your correct mailing address on file, call 303-318-9100 (Denver-metro area) or 1-800-480-8299 (outside Denver-metro area). You may change your mailing address at www.coworkforce.com; under the "Unemployment Tax" heading (in the left menu), click on **Employer-Change-of-Business Address**.