

<% Category= "UIT" ' Category sets, among other things, the background for the page. It can be one of the following: ' "PBR" = Public Relations ' "EMT" = Executive Management ' "LMI" = Labor Market Information ' "DWC" = Workers Compensation ' "EMP" = Employee Services & Vets ' "LBR" = Labor Laws & Standards ' "JSS" = Job Seeker Services ' "ESV" = Eservices ' "OIL" = Oil Inspection ' "DPS" = Department of Public Safety ' "OPS" = Oil and Public Safety ' "PES" = PESS ' "ABT" = About Us ' "DIR" = Employee Directory ' "REG" = Rules and Regulations Menu = true ' true, false, or custom are acceptable values here ' If custom is selected, you MUST have a menu.asp page in the same directory as this page! MenuNumber = 1 ADA = false ' true if the Graphical page passes Bobby Compliance ' If this is the case, you don't need a text only version of the page ' Otherwise, leave it false and create two versions of the page. %>

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menunumber
= 1 then
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UI Quarterly News

4th 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.

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UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

The Unemployment Insurance (UI) Trust Fund's monetary level has increased over the past year. Both the solvency tax surcharge and an improved economy have contributed to the increase in the UI Trust Fund's monetary level.

The UI Trust Fund balance directly impacts the tax rates assigned to employers. When the balance reaches predetermined levels, Colorado statute provides for a gradual annual lowering of the base rate. Each year on June 30, employer tax rates are computed. If the UI Trust Fund is in excess of \$450 million then the most advantageous tax schedule is utilized. 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.

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 UI Program's ability 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 sixth-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 2007 is available on the UI Tax Web site at www.coworkforce.com/UIT/. Click on **2007 Solvency Tax Surcharge**.

UNEMPLOYMENT INSURANCE TAX RATES FOR 2007

All active employers will receive Form UTR-7, Notice of Employer's Tax Rate, or a letter of notification by December 2006. This notice contains your new tax rate for calendar year 2007. Please use your current 2006 tax rate when calculating taxes for the fourth quarter of 2006. Do **not** use your 2007 tax rate until filing your tax and wage report in April 2007 for the first quarter of 2007.

In compliance with the Regulations Concerning Employment Security 11.1.5, you must submit a written statement of errors found on your rate notice to Unemployment Insurance (UI) Operations at the above address within 15 calendar days of the mailing date of this notice. For more information, go to www.coworkforce.com/UIT/STS/Protest.asp.

REPORTING WAGE INFORMATION VIA FILE TRANSFER PROTOCOL

The fourth quarter of 2006 is the last quarter that employee wage information will be accepted on either round or square magnetic tape. The Unemployment Insurance (UI) Program is now offering file transfer protocol (FTP) as an alternative to magnetic media, including diskette. FTP is a fast, secure, and economical way of sending wage information to the UI Program. The FTP server used by the UI Program automatically sets up a secure connection. Wage files are easily uploaded because there is no size limitation on the number of employees or employers reported in a single file, and the process accepts wages for prior quarters. To send wage information using FTP:

- Wage information must be in the Interstate Conference of Employment Security Agencies (ICESA) format.
- One test file must be submitted to certify wage information prior to submitting live wage data.

For additional information about FTP and instructions for filing by FTP, please contact Joseph Orndoff at 303-318-9093.

NEW PROCESS FOR EMPLOYER NOTIFICATION OF TIMELY RETURN OF FORM UIB-290, REQUEST FOR JOB-SEPARATION INFORMATION

UPDATE 01/02/2007: The modification to the language on forms to serve as a second notice that job-separation information must be returned timely as described below has not occurred. Information regarding a revised notification process will be in future newsletters.

Form UIB-290, Request for Job-Separation Information, is mailed when an unemployment insurance (UI)

claim is filed. You have 12 calendar days from the mailing date to respond to the Request for Job-Separation Information. If job-separation information is not returned timely, you lose the right to protest a decision issued to allow or deny UI benefits.

In addition, Form UIF-290, Notice of Unemployment Insurance Claim, Wages Reported, and Potential Charges (Notice of Unemployment Claim), is mailed separately to provide notice that a UI claim has been filed and inform of potential charges to your UI account.

In November 2006 the language on the Notice of Unemployment Claim was modified to serve as a second notice that the Request for Job-Separation Information must be returned timely to protect your right to protest the payment of benefits.

The last employer a claimant worked for prior to filing a UI claim is potentially chargeable for UI benefits paid on a UI claim when wages earned from the last employer fall within the base period of the claim. A last employer is not chargeable when wages earned are outside of the base period. Prior to the language modification, the Notice of Unemployment Claim was mailed to last employers **only** if they were potentially chargeable on the UI claim. However, starting November 2006, the Notice of Unemployment Claim is also mailed to non-chargeable last employers to notify them that a claim for UI benefits has been filed and of the need for a timely response to the Request for Job-Separation Information.

NOTE: The base period consists of wages earned within a 12-month period that are used to compute the amount of UI benefits a claimant may receive.

COLORADO EMPLOYMENT SECURITY ACT FOR 2006

The Colorado Employment Security Act (CESA) now contains changes enacted during the 2006 regular legislative session and the 2006 special legislative session. The updated CESA is available online. Go to <http://www.coworkforce.com/UII>, and click on **Colorado Employment Security Act (CESA)**. See "The Recap of 2006 Legislative Changes" for more information.

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

You 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 your 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>.

THE IMPORTANCE OF CORRECT SOCIAL SECURITY NUMBERS

The Colorado Unemployment Insurance (UI) Program can post employee wages correctly only when you or third-party payroll-service companies report employee wages under correct employee names and social security numbers (SSNs).

Recording names and SSNs correctly is the key to successful processing of quarterly wage reports. It saves the UI Program processing costs and allows the proper reporting of the employees' earnings. Accurate posting of the employees' gross wages is important in determining any future UI benefits eligibility.

SSNs cannot begin with the numbers 9, 8, or 000. Any SSN beginning with these digits is not valid according to the Social Security Administration.

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.

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