

UI Quarterly News

3rd Quarter 2007

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 hardcopy 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 Ritter, Jr., Governor
Donald J. Mares, Executive Director

NEW COLORADO LAW: RESPONSE TIME FOR JOB-SEPARATION INFORMATION AND APPEALS

House Bill (HB) 07-1285, which became effective August 3, 2007, changed the requirements used by the Unemployment Insurance Program to determine whether a completed Form UIB-290, Request for Job-Separation Information, is returned timely or an appeal is submitted timely.

Timely Return of Form UIB-290, Request for Job-Separation Information

With HB 07-1285, any Request for Job-Separation Information is considered returned timely only if the completed form is **received** by the Colorado Department of Labor and Employment (CDLE) within **12 calendar days** after the date it is mailed; the postmark is **not** considered in determining the timeliness of Requests for Job-Separation Information. Carefully follow the instructions on the Request for Job-Separation Information; send the completed form to P.O. Box 400, Denver, CO 80201-0400, or fax it to 303-318-9014.

Timely Submission of an Appeal

With HB 07-1285, CDLE must **receive** all appeals of deputy or hearing-officers' decisions within **20 calendar days** after the date the decision or determination is mailed; the postmark date is **not** considered in determining the timeliness of appeals.

NEW COLORADO LAW: EMPLOYEE-LEASING COMPANY AND WORK-SITE EMPLOYER

House Bill 07-1312, which became effective August 3, 2007, clarifies existing law that establishes the business, regulatory, and legal arrangement between a work-site employer and an employee-leasing company.

For the purpose of applying local, state, and federal laws and regulations to work-site employers, a contract between an employee-leasing company and a work-site employer does not alter the fundamental identity of the work-site employer as a distinct business entity.

For the purpose of determining tax credits or other economic incentives, work-site employees are considered employees of the work-site employer, not the employee-leasing company. A work-site employer's status is not impacted because the work-site employer has entered into an employee-leasing agreement.

Taxes, surcharges, and assessments will be assessed against work-site employers only for the work-site employees contracted to the employee-leasing company. The complete version of the law is available [online](#).

NOTE: The law changes will be published in CESA 2007 that will be available online in late September.

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. Refer to the article titled "Solvency Tax Surcharge for 2008" for a more detailed explanation.

The balance of the UI Trust Fund as of June 30, 2007, was \$601,786,037. This is an increase over the balance as of June 30, 2006, which was \$445,411,793.

UNEMPLOYMENT INSURANCE TAX RATES FOR 2008

Because of the increase in the monetary level of the Unemployment Insurance Trust Fund, there is a decrease in the 2008 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 one rate schedule to the left, the lowest base rates attainable (see column heading "450 Million Plus").

You will receive notification of your tax rate for 2008 on Form UITR-7, Notice of Employer's Tax Rate. The Notice of Employer's Tax Rate will be mailed in November 2007.

SOLVENCY TAX SURCHARGE FOR 2008

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, 2005, 2006*, and 2007.

*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, 2007, the UI Trust Fund balance stood at eight-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 2008. The STS for all new employer accounts and reinstating employer accounts that have lost their chargeability is .006.

Information about the STS for rate year 2007 is available on the [UI Tax Web site](#). Click on **2007 Solvency Tax Surcharge**. In November 2007, refer to the UI Tax Web site for updated information about the STS for calendar year 2008.

THE UNEMPLOYMENT INSURANCE PROGRAM NEEDS YOUR CORRECT MAILING ADDRESS

Employers will receive Form UITR-7, Notice of Employer's Tax Rate, by December 2007. 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 also [change your mailing address](#) online. Click on **Employer-Change-of-Business Address** in the left column.

PUBLICATION UI-266, UNEMPLOYMENT INSURANCE HANDBOOK FOR EMPLOYERS

An updated version of Publication UI-266, *Unemployment Insurance Handbook for Employers*, will be available in print and on the [UI Tax Web site](#) in late September; click on **Employer Handbook** in the left column. Look for new, updated information about unemployment insurance tax forms, procedures, and policies.

DISCARD OLD UNEMPLOYMENT INSURANCE POSTAGE-PAID ENVELOPES

The permit number on all Unemployment Insurance (UI) Program postage-paid envelopes changes on October 1, 2007. When the new permit number goes into effect, the postal service will **not** process mail sent in envelopes with the invalid permit number.

If you have any postage-paid envelopes issued by the UI Program, discard or destroy them to avoid mailing delays and possible penalties.

NEW COLORADO IMMIGRATION LAW: EMPLOYMENT-VERIFICATION REQUIREMENTS

A new Colorado law (Colorado Revised Statutes 8-2-122 [enacted by House Bill 06S-1017]) concerning employment-verification requirements became effective on January 1, 2007. This law applies to public and private employers in Colorado and to employees hired on or after January 1, 2007.

There are two main components to the law:

- Each employer in Colorado shall make an [affirmation of legal work status](#) within 20 days after hiring a new employee. The employer must keep a written or electronic copy of the affirmation for the term of employment of each employee.

- The employer must keep a written or electronic copy of the employee's identity documents required in 8 United States Code, section 1324a, "Unlawful Employment of Aliens," for the term of employment of each employee. (For information about the employee's identity documents presented for Form I-9, Employment Eligibility Verification, visit www.uscis.gov.)

The documents described above do not have to be submitted to the Colorado Division of Labor (CDOL) unless specifically requested. For more information, contact CDOL at 303-318-8441 or visit www.coworkforce.com/lab.

Useful resources on this law include:

- A [fact sheet](#).
- A comprehensive [guide](#).
- The actual text of the [law](#).