

UI Quarterly News
4th Quarter 2007

Colorado Department of Labor and Employment
Unemployment Insurance Operations
www.coworkforce.com

Bill Ritter, Jr.
Governor



Donald J. Mares
Executive Director

COLORADO EMPLOYMENT SECURITY ACT FOR 2007

The Colorado Employment Security Act (CESA) now contains changes enacted during the 2007 regular legislative session and the 2007 special legislative session. The updated CESA is available [online](#). See the "Recap of 2007 Legislative Changes" section for more information.

HOUSE BILLS OF INTEREST FROM THE 2007 LEGISLATIVE SESSION

During the 2007 legislative session, two bills of interest to employers were signed into law:

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

HB 07-1312, which also 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 more information about the 2007 legislative session, visit the [Colorado General Assembly](#) online.

UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

The monetary level of the 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 decrease 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. The balance as of June 30, 2006, was \$445,411,793.

UNEMPLOYMENT INSURANCE TAX RATES FOR 2008

Because of the increase in the monetary level of the UI Trust Fund, there is a decrease in the 2008 base tax rates for many employers. For calendar year 2008 the base tax rate is moving one rate schedule to the left. According to the tax-rate schedule in CESA 8-76-103 (3)(b)(II)(B), this rate schedule ("450 Million Plus") has the lowest base rates.

Form UITR-7, Notice of Employer's Tax Rate, was mailed in November 2007.

The 2008 tax rates are not valid until the first quarter of 2008. Do not use the 2008 rate when filing your fourth quarter 2007 report. This may result in additional taxes due on which interest will be assessed or an overpayment of taxes.

SOLVENCY TAX SURCHARGE FOR 2008

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 four consecutive quarters prior to the last computation date.

The STS was assessed to employers for rate years 2004, 2005, 2006*, and 2007.

* For calendar year 2006, CESA 8-76-102 (5)(a)(II) nullified the incremental increase for all ratable employers with a standard or computed rate. This adjustment applied to 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. For all new employer accounts and reinstated, ratable employer accounts that do not meet CESA requirements for a computed rate, the STS is .006.

Detailed information about the STS for rate year 2008 is available on the [UI Tax](#) Web site. Click on **2008 Solvency Tax Surcharge**.

PUBLICATION UI-266, UNEMPLOYMENT INSURANCE HANDBOOK FOR EMPLOYERS

An updated version of Publication UI-266, *Unemployment Insurance Handbook for Employers*, is available [online](#). Look for updated information about UI tax forms, procedures, and policies.

NEW BUSINESS-REPLY-MAIL PERMIT NUMBER FOR UNEMPLOYMENT INSURANCE PROGRAM ENVELOPES

The permit number on all UI Program postage-paid, business-reply envelopes has changed. The new permit number is 592, Denver, CO. The former permit number is 12634, Washington, D.C.

If you have any postage-paid, business-reply envelopes issued by the UI Program with permit number 12634, Washington, D.C., discard them to avoid mailing delays. The postal service will **not** process mail in envelopes with the invalid permit number; mail will be returned to sender.

THE UNEMPLOYMENT INSURANCE PROGRAM NEEDS YOUR CORRECT MAILING ADDRESS

To verify that UI Operations has your correct mailing address, go to the [Colorado Department of Labor and Employment](#) Web site. Click on **Employer-Change-of-Business-Address**.

You can also change your mailing address by downloading and mailing [Form UITL-2, Employer Change Request](#). You may also call or [e-mail](#) UI Operations to request an Employer Change Request.

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 identification documents required by Title 8 United States Code, section 1324a, "Unlawful Employment of Aliens," for the term of employment of each employee. (For information about acceptable identification documents for purposes of completing Form I-9, Employment Eligibility Verification, visit [U.S. Citizenship and Immigration Services](#) online.)

The documents described above do not have to be submitted to the Colorado Division of Labor (CDOL) unless specifically requested. For more information, visit the [CDOL Web site](#) or contact CDOL at 303 318 8441.

Useful resources on this law include:

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

QUESTIONS OR CONCERNS?

For tax questions and issues related to your account, [e-mail](#) UI Operations. You may also call 303 318 9100 (Denver-metro area) or 1

800 480 8299 (outside Denver-metro area).