

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 335

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO THE EMPLOYMENT SECURITY LAW; AMENDING SECTION 72-1350, IDAHO  
2 CODE, TO REVISE THE CALCULATION OF THE TAXABLE WAGE RATE BY REDUC-  
3 ING THE FUND SIZE MULTIPLIER, TO PROVIDE FOR THE ISSUANCE OF ADJUSTED  
4 TAXABLE WAGE RATES BY THE DIRECTOR UNDER CERTAIN CIRCUMSTANCES, TO PRO-  
5 VIDE FOR CREDITS FOR OVERPAYMENTS UNDER CERTAIN CIRCUMSTANCES AND TO  
6 MAKE TECHNICAL CORRECTIONS; AND DECLARING AN EMERGENCY AND PROVIDING  
7 RETROACTIVE APPLICATION.  
8

9 Be It Enacted by the Legislature of the State of Idaho:

10 SECTION 1. That Section 72-1350, Idaho Code, be, and the same is hereby  
11 amended to read as follows:

12 72-1350. TAXABLE WAGE BASE AND TAXABLE WAGE RATES. (1) All remunera-  
13 tion for personal services as defined in section 72-1328, Idaho Code, equal  
14 to the average annual wage in covered employment for the penultimate calen-  
15 dar year, rounded to the nearest multiple of one hundred dollars (\$100), or  
16 the amount of taxable wage base specified in the federal unemployment tax  
17 act, whichever is higher, shall be the taxable wage base for purposes of this  
18 chapter.

19 (2) Prior to December 31 of each year, the director shall determine the  
20 taxable wage rates for the following calendar year for all covered employ-  
21 ers, except cost reimbursement employers, in accordance with this section.  
22 If the desired fund size multiplier set forth in subsection (3) of this  
23 section is revised with an effective date that is prior to January 1 of the  
24 following year, the director shall issue adjusted taxable wage rates as soon  
25 as practicable and in accordance with the revised multiplier's effective  
26 date. Employers shall receive a credit against future taxes under this act  
27 for any overpayments resulting from tax payments made before the amended  
28 taxable wage rates are adjusted.

29 (3) An average high cost ratio shall be determined by calculating the  
30 average of the three (3) highest benefit cost rates in the twenty (20) year  
31 period ending with the preceding year. For the purposes of this section, the  
32 "benefit cost rate" is the total annual benefits paid, including the state's  
33 share of extended benefits but excluding the federal share of extended ben-  
34 efits and cost-reimbursable benefits, divided by the total annual covered  
35 wages excluding cost-reimbursable wages. The resulting average high cost  
36 ratio is multiplied by the desired fund size multiplier and the result, for  
37 the purposes of this section, is referred to as the "average high cost multi-  
38 ple" (AHCM). The desired fund size multiplier shall be eight tenths (0.8) and  
39 shall increase to nine tenths (0.9) on and after January 1, 2012; to one (1)  
40 on and after January 1, 2013; to one and one-tenth (1.1) on and after January  
41 1, 2014; to one and two-tenths (1.2) on and after January 1, 2015; to one and  
42 three-tenths (1.3) on and after January 1, 2016; to one and four-tenths (1.4)

1 on and after January 1, 2017; and to one and ~~five~~ three-tenths (1.53) on and  
 2 after January 1, 2018.

3 (4) The fund balance ratio shall be determined by dividing the actual  
 4 balance of the employment security fund, section 72-1346, Idaho Code, and  
 5 the reserve fund, section 72-1347A, Idaho Code, on September 30 of the cur-  
 6 rent calendar year by the wages paid by all covered employers in Idaho, ex-  
 7 cept cost reimbursement employers, in the preceding calendar year.

8 (5) The base tax rate shall be determined as follows:

9 (a) Divide the fund balance ratio by the AHCM;

10 (b) Subtract the quotient obtained from the calculation in paragraph  
 11 (a) of this subsection from the number two (2);

12 (c) Multiply the remainder obtained from the calculation in paragraph  
 13 (b) of this subsection by two and one-tenth percent (2.1%). The product  
 14 obtained from this calculation shall equal the base tax rate, provided  
 15 however, that the base tax rate shall not be less than six-tenths per-  
 16 cent (0.6%) and shall not exceed three and four-tenths percent (3.4%).

17 (6) The base tax rate calculated in accordance with subsection (5) of  
 18 this section shall be used to determine the taxable wage rate effective the  
 19 following calendar year for all covered employers except cost reimbursement  
 20 employers as provided in subsections (7) and (8) of this section.

21 (7) Table of Rate Classes, Tax Factors and Minimum and Maximum  
 22 Taxable Wage Rates:

23	Cumulative Taxable Payroll Limits			Eligible Employers		
	24	More Than	Equal to	Minimum	Maximum	
25		(% of	or Less Than	Taxable	Taxable	
26	Rate	Taxable	(% of Taxable	Wage	Wage	
27	Class	Payroll)	Payroll)	Factor	Rate	Rate
28	1	--	12	0.2857	0.180%	0.960%
29	2	12	24	0.4762	0.300%	1.600%
30	3	24	36	0.5714	0.360%	1.920%
31	4	36	48	0.6667	0.420%	2.240%
32	5	48	60	0.7619	0.480%	2.560%
33	6	60	72	0.8571	0.540%	2.880%
34	7	72	--	0.9524	0.600%	3.200%

35	Standard-Rated Employers		
36		Minimum	Maximum
37		Taxable	Taxable
38		Wage	Wage
39		Rate	Rate
40		1.000	3.4%

Class	Cumulative Taxable Payroll Limits		Tax Factor	Deficit Employers	
	More Than (% of Taxable Payroll)	Equal to or Less Than (% of Taxable Payroll)		Minimum Taxable Wage Rate	Maximum Taxable Wage Rate
-1	--	30	1.7143	1.080%	4.800%
-2	30	50	1.9048	1.200%	5.200%
-3	50	65	2.0952	1.320%	5.600%
-4	65	80	2.2857	1.440%	6.000%
-5	80	95	2.6667	1.680%	6.400%
-6	95	--	2.6667	5.400%	6.800%

(8) Each covered employer, except cost reimbursement employers, will be assigned a taxable wage rate and a contribution rate as follows:

(a) Each employer, except standard-rated employers, will be assigned to one (1) of the rate classes for eligible and deficit employers provided in subsection (7) of this section based upon the employer's experience as determined under the provisions of sections 72-1319, 72-1319A, 72-1351 and 72-1351A, Idaho Code.

(b) For each rate class provided in subsection (7) of this section, the department will multiply the base tax rate determined in accordance with subsection (5) of this section by the tax factor listed for that rate class in the table provided in subsection (7) of this section. The product obtained from this calculation shall be the taxable wage rate for employers assigned to that rate class, provided however, that the taxable wage rate shall not be less than the minimum taxable wage rate assigned to that rate class and shall not exceed the maximum taxable wage rate assigned to that rate class in the table provided in subsection (7) of this section.

(c) For standard-rated employers, the department will multiply the base tax rate determined in accordance with subsection (5) of this section by the tax factor listed for standard-rated employers in the table provided in subsection (7) of this section. The product obtained from this calculation shall be the taxable wage rate for standard-rated employers, provided however, that the taxable wage rate shall not be less than the minimum taxable wage rate assigned to standard-rated employers and shall not exceed the maximum taxable wage rate assigned to standard-rated employers in the table provided in subsection (7) of this section.

(d) Deficit employers who have been assigned a taxable wage rate from deficit rate class ~~six~~ 6 will be assigned contribution rates equal to their taxable wage rate.

(e) All other eligible, standard-rated and deficit employers will be assigned contribution rates equal to ninety-seven percent (97%) of their taxable wage rate. Provided however, that for each calendar year a reserve tax is imposed pursuant to section 72-1347A, Idaho Code, the contribution rates for employers assigned contribution rates pursuant

1 to this paragraph shall be eighty percent (80%) of their taxable wage  
2 rate.

3 (9) Each employer shall be notified of his taxable wage rate as deter-  
4 mined for any calendar year pursuant to this section and section 72-1351,  
5 Idaho Code. Such determination shall become conclusive and binding upon  
6 the employer, unless within fourteen (14) days after notice as provided in  
7 section 72-1368(5), Idaho Code, the employer files an application for re-  
8 determination, setting forth his reasons therefor. Reconsideration shall  
9 be limited to transactions occurring subsequent to any previous determina-  
10 tion which has become final. The employer shall be promptly notified of the  
11 redetermination, which shall become final unless an appeal is filed within  
12 fourteen (14) days after notice as provided in section 72-1368(5), Idaho  
13 Code. Proceedings on the appeal shall be in accordance with the provisions  
14 of section 72-1361, Idaho Code.

15 SECTION 2. An emergency existing therefor, which emergency is hereby  
16 declared to exist, this act shall be in full force and effect on and after its  
17 passage and approval, and retroactively to January 1, 2018.