

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 450

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

1 AN ACT
2 RELATING TO EMPLOYMENT SECURITY LAW; AMENDING SECTION 72-1350, IDAHO CODE,
3 TO PROVIDE BASE TAX RATES FOR CERTAIN YEARS AND TO MAKE TECHNICAL COR-
4 RECTIONS; AND DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLI-
5 CATION.

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

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

9 72-1350. TAXABLE WAGE BASE AND TAXABLE WAGE RATES. (1) All remunera-
10 tion for personal services as defined in section 72-1328, Idaho Code, equal
11 to the average annual wage in covered employment for the penultimate calen-
12 dar year, rounded to the nearest multiple of one hundred dollars (\$100), or
13 the amount of taxable wage base specified in the federal unemployment tax
14 act, whichever is higher, shall be the taxable wage base for purposes of this
15 chapter.

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

26 (3) An average high cost ratio shall be determined by calculating the
27 average of the three (3) highest benefit cost rates in the twenty (20) year
28 period ending with the preceding year. For the purposes of this section, the
29 "benefit cost rate" is the total annual benefits paid, including the state's
30 share of extended benefits but excluding the federal share of extended ben-
31 efits and cost-reimbursable benefits, divided by the total annual covered
32 wages excluding cost-reimbursable wages. The resulting average high cost
33 ratio is multiplied by the desired fund size multiplier and the result, for
34 the purposes of this section, is referred to as the "average high cost mul-
35 tiple" (AHCM). The desired fund size multiplier shall be eight-tenths (0.8)
36 and shall increase to nine-tenths (0.9) on and after January 1, 2012; to one
37 (1) on and after January 1, 2013; to one and one-tenth (1.1) on and after Jan-
38 uary 1, 2014; to one and two-tenths (1.2) on and after January 1, 2015; to one
39 and three-tenths (1.3) on and after January 1, 2016; to one and four-tenths
40 (1.4) on and after January 1, 2017; and to one and three-tenths (1.3) on and
41 after January 1, 2018.

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

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

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

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

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

15 (6) The base tax rate calculated in accordance with subsection (5) of
 16 this section shall be used to determine the taxable wage rate effective the
 17 following calendar year for all covered employers except cost-reimbursement
 18 employers as provided in subsections (7) and (8) of this section, except that
 19 the base tax rate for calendar years 2022 and 2023 shall be equal to the base
 20 tax rate calculated for calendar year 2021.

21 (7) Table of rate classes, tax factors and minimum and maximum taxable
 22 wage rates:

23	Cumulative Taxable Payroll Limits			Eligible Employers		
	24	More Than	Equal to	24	Minimum	Maximum
25		(% of	or Less Than	25	Taxable	Taxable
26	Rate	Taxable	(% of Taxable	26	Wage	Wage
27	Class	Payroll)	Payroll)	27	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 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 rede-
8 termination, setting forth his reasons therefor. Reconsideration shall be
9 limited to transactions occurring subsequent to any previous determination
10 ~~which~~ that 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, 2022.