



# Idaho Unemployment Insurance Law Local Government & Non Profits

---

Idaho Chapter of PRIMA  
October 22, 2010  
Pamela O'Neill, Area UI Tax Supervisor

The seal of the State of Idaho is partially visible on the left side of the slide. It features a central figure of a miner with a pickaxe, a mountain range, a river, and a tree. The words "SEAL OF IDAHO" are inscribed around the perimeter, with a star at the bottom left.

# Today's Topics

---

- Eligibility
- Government Entities & Non-Profits
- Experience Rate vs. Cost Reimbursement
- Cost Reimbursement Election
- Cost Reimbursement Options for Financing Costs
- Chargeability When Benefits are Paid
- Considerations
- Change of Election
- Questions

The seal of the State of Idaho is visible in the background on the left side of the slide. It features a central figure of a miner with a pickaxe, a mountain range, a river, and a tree. The words "SEAL OF IDAHO" are written around the perimeter, with a star at the bottom left.

# Eligibility

---

**Two types of entities may be eligible for cost reimbursement:**

- Non-profit organizations - approved IRS IRC 501(c)3 certification
- Government entities

The seal of the State of Idaho is partially visible on the left side of the slide. It features a central figure of a miner holding a pickaxe, standing on a rocky outcrop. Above the figure is a mountain range, and to the left is a bison. The words "SEAL OF IDAHO" are inscribed around the perimeter, with a five-pointed star at the bottom left.

# Government Entities & Non Profits

---

Government entities electing cost reimbursement - including public school districts - will be granted cost reimbursement status.

Non-profit organizations approved under IRC 501(c)3, may request cost reimbursement status, however requests are subject to department approval.

The seal of the State of Idaho is partially visible on the left side of the slide. It features a central figure of a miner with a pickaxe, a mountain range, a river, and a star. The words "OF IDAHO" are visible at the bottom of the seal.

# What is an Experience-Rated-Employer?

---

An experience-rated employer pays an unemployment insurance tax rate based on the state's annual standard rate or the employer's experience rate.

The seal of the State of Idaho is partially visible on the left side of the slide. It features a central figure of a pioneer with a pickaxe, a mountain range, a river, and a star. The words "OF IDAHO" are visible around the bottom edge of the seal.

# What is Cost-Reimbursement-Employer?

---

A cost-reimbursement employer is a covered employer who is eligible for and elects to reimburse Idaho's unemployment insurance trust fund for its proportionate share of benefit claim costs in lieu of paying taxes.

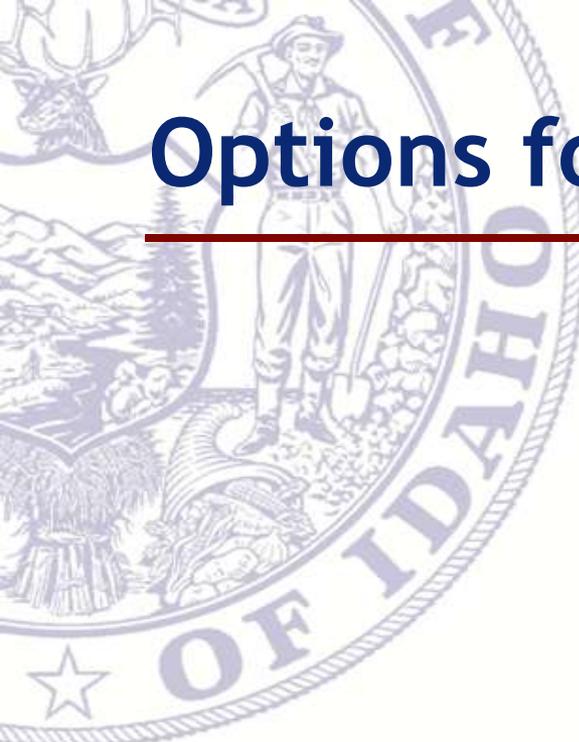
The seal of the State of Idaho is visible in the background on the left side of the slide. It features a central figure of a miner with a pickaxe, a mountain range, a river, and a tree. The words "SEAL OF IDAHO" are written around the perimeter, with a star at the bottom left.

# Cost Reimbursement Election

---

Any nonprofit organization or government entity may elect to become liable for payments in lieu of tax contributions:

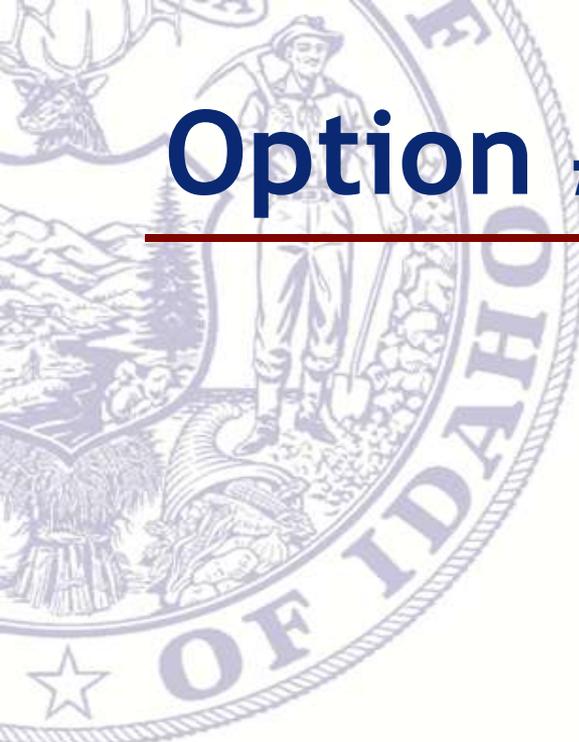
- If the employer provides written notice of election no more than 30 days prior to the beginning of any taxable year or within 30 days after the final determination date that such organization or entity is eligible.
- Cost reimbursement status shall be effective for not less than two full taxable years after the election is made and will continue to be in effect until terminated.

The seal of the State of Idaho is partially visible on the left side of the slide. It features a central figure of a miner with a pickaxe, a mountain range, a river, and a tree. The words "SEAL OF IDAHO" are inscribed around the perimeter, with a star at the bottom left.

# Options for Financing Costs

---

Under current law, covered employers electing cost reimbursement have two methods of financing:

The seal of the State of Idaho is visible in the background on the left side of the slide. It features a central figure of a miner with a pickaxe, a shearer, and a plow, surrounded by symbols of agriculture and industry. The words "SEAL OF IDAHO" are inscribed around the perimeter, with a star at the bottom left.

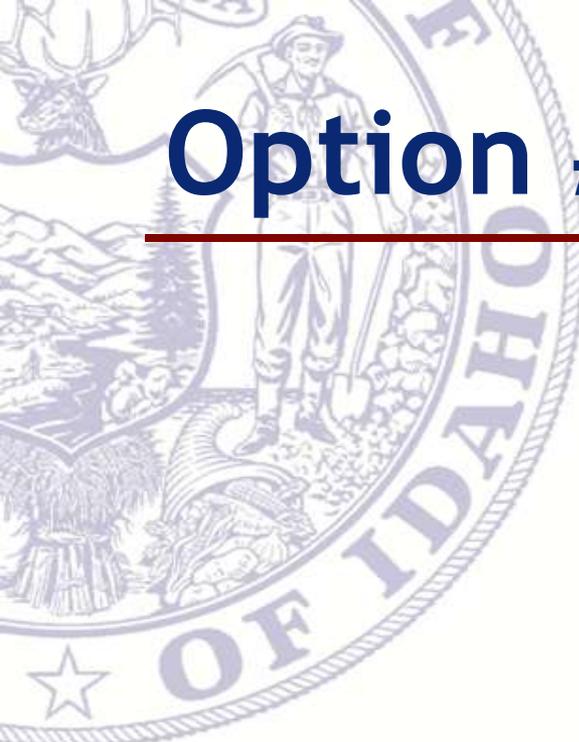
# Option #1

---

Paying an advance rate of 1% of total quarterly payroll. If benefit costs exceed advance payments, employers are billed the difference.

If advance payments exceed benefit costs, the account is credited.

Refunds may be requested at year's end or the credit automatically rolls into the next year.

The seal of the State of Idaho is partially visible on the left side of the slide. It features a central figure of a miner with a pickaxe, a mountain range, a river, and a star. The words "OF IDAHO" are visible at the bottom of the seal.

# Option #2

---

Employers are billed quarterly for their proportionate share of unemployment insurance benefit costs charged to the account.

The seal of the State of Idaho is visible in the background on the left side of the slide. It features a central figure of a miner with a pickaxe, a sheaf of wheat, a cow, and a mountain range. The words "SEAL OF THE STATE OF IDAHO" are inscribed around the perimeter, with a star at the bottom left.

# Liability

---

Whenever a benefit is paid and a cost-reimbursement employer is involved, there is no decision to be made regarding liability.

**Cost-reimbursement employers are always liable.**

The seal of the State of Idaho is partially visible on the left side of the slide. It features a central figure of a miner with a pickaxe, a star, and the text "OF IDAHO".

# Considerations

---

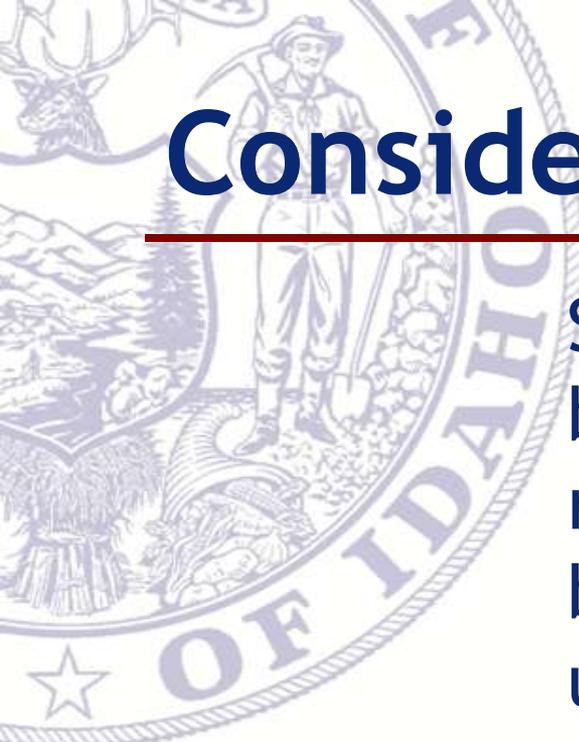
Should a cost-reimbursement employer switch to the experience rating option after electing cost reimbursement, the employer could be billed for benefit costs for up to three years after the cost reimbursement account is terminated.

The seal of the State of Idaho is partially visible on the left side of the slide. It features a central figure of a miner with a pickaxe, a shearer, and a plow, surrounded by symbols of agriculture and industry. The words "OF IDAHO" are visible at the bottom of the seal.

# Considerations Cont.

---

A cost-reimbursement employer will be billed for its proportionate share of a claimant's benefits based on the percentage of wages paid in the base period. This applies despite the reason for the claimant's separation from the job. The cost-reimbursement employer is always liable.

The seal of the State of Idaho is visible in the background on the left side of the slide. It features a central figure of a pioneer with a plow, a sheaf of wheat, and a pickaxe. Above the figure is a mountain range, and to the left is a bison. The words "SEAL OF IDAHO" are written around the perimeter, with a star at the bottom left.

# Considerations Cont.

---

Should federal-state extended benefits be in effect, a cost-reimbursement employer will be billed for the extended benefits under current provisions:

- Extended Unemployment Compensation ~ 100% liable
- Federal State Extended ~ if the employer pays Federal Unemployment Tax Act it is not liable.

The seal of the State of Idaho is partially visible on the left side of the slide. It features a central figure of a pioneer with a plow, a sheaf of wheat, and a pickaxe. Above the figure is a mountain range, and to the left is a bison. The words "STATE OF IDAHO" are written around the perimeter of the seal, with a star at the bottom left.

# Change of Election

---

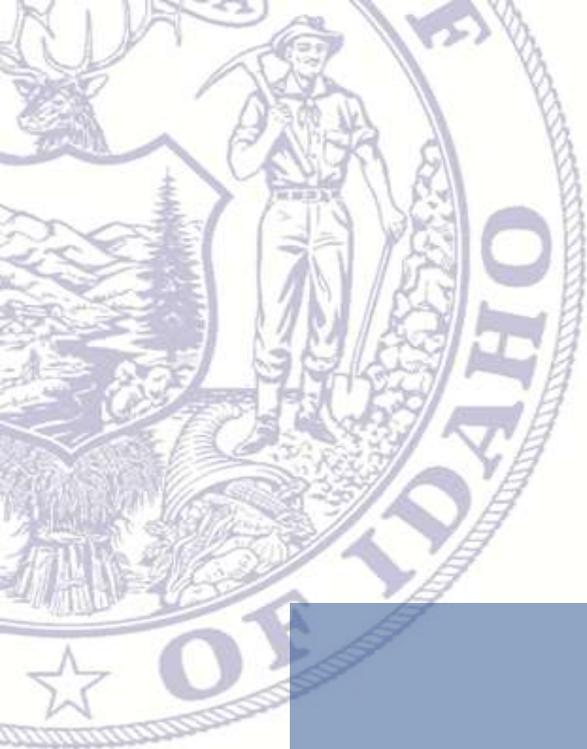
The organization or entity must file with a written notice of termination of such election with the director no later than 30 days prior to the beginning of the taxable year the termination is first effective.

The director may, at his/her discretion, terminate an election as provided by law or extend the period that a notice of election or a notice of termination must be filed.

# Conclusion

---

- You have options and can elect cost reimbursement status.
- There are negatives and positives.
- Call the department if you have questions.



# Questions?

Call:  
UI Compliance  
800-448-2977