

# Alaska Employer

Alaska Department of Labor and Workforce Development

Employment Security Tax

Third Quarter 2001

Tony Knowles, Governor

Ed Flanagan, Commissioner

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## JUNEAU CENTRAL OFFICE

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## ES TAX OFFICES

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## REDUCE YOUR 2002 ES TAX RATE

As a reminder, the annual rating process is now beginning for calendar year 2002. As an employer, you will want to ensure you receive the lowest rate possible. To avoid receiving a penalty rate for calendar year 2002, employers have until October 15 to file factual reports and pay any outstanding balance due. During calendar year 2001, the penalty rate is 5.92 percent.

Protect your good rate early! If you:

- have a balance due on your account;
- have not filed factual reports; or
- are being notified of a balance due on your predecessor's account,

contact your field auditor at 1-888-448-2937. Your auditor can assist you in bringing your account current, or in establishing a deferred payment plan, which will also prevent you from receiving a penalty rate.

## HOW ARE YOUR TAX RATES CALCULATED?



Alaska has three classes of employers in its experience rating system.

**A-rated firms** are those employers who qualify for experience rating because they have:

- been subject to the Alaska Employment Security Act for four or more quarters;
- filed all their quarterly tax reports; and,
- paid all outstanding contributions, interest and penalties due.

**B-rated firms** are those employers who do not have the wage history to qualify for experience rating and are assigned an industry average tax rate.

**C-rated firms** are those employers who are delinquent in filing quarterly reports, paying contributions, interest, or penalties due and are assigned the maximum penalty tax rate.

Alaska's rate system is based on **quarterly wage declines**. A decline in quarterly wages exists when the amount of total wages you report reflects a decrease from one quarter to the next.

For rate purposes, a **quarterly decline quotient** is calculated, which is the percentage of the decrease in wages between quarters. All your quarterly decline quotients for qualifying quarters are added together, and this total is then averaged. The experience rate you are assigned is based on the average of all the quarterly decline quotients.

Several factors may create **artificial quarterly declines**, such as when you pay:

- bonuses,
- lump-sum payments,
- or have a bi-weekly payroll.

Your ES Tax Office may be able to lower your tax rate by removing the effects of artificial declines created by these situations with the use of **Employer Option Forms**.

Employer Option Forms are used to equalize any artificial quarterly declines. The form enables you to either delete or apportion those wage payments in order to stabilize your payroll from one quarter to the next, thus obtaining a more favorable tax rate.

Employer Option Forms may also be used for payroll declines due to labor disputes or for declines caused by a change in your accounting methods; for example, paychecks being issued late.

Options Forms may also be used to change a rate retroactively. Through June 30, the Option forms may be used to correct the rate for the preceding calendar year as well as the current year.

Question on Options and requests for Employer Option Forms should be directed to the ES Tax Employer Accounts Unit at 1-888-448-3527. Employer Option Forms, in addition to a variety of other ES Tax forms, are available online at [www.labor.state.ak.us/estax/home](http://www.labor.state.ak.us/estax/home).

For more information about tax rates, refer to the **Alaska Employer Handbook**, which is also available online at the above address. You may obtain a hard copy of the handbook by telephoning, mailing, or emailing your request to one of the addresses listed on the front page of this newsletter.



## ALASKA'S SUMMER EMPLOYMENT GEARS DOWN

With Alaska's summer season quickly coming to an end, employers who hire seasonal employment may notice an increase in information requested by the Alaska Department of Labor and Workforce Development. When an employee receives a seasonal layoff and applies for unemployment insurance benefits, that claimant's last employer will receive a "Request for Separation Information." This form notifies employers that a former employee has filed for unemployment insurance benefits and requests information regarding that employee's dates of employment, reason for leaving employment and types of pay received. Employers, who provide complete and accurate information and return the "Request for Separation" form promptly, assist the Department in serving its customers more efficiently and help reduce the amount of improperly paid benefits. The unemployment insurance program assists employers in keeping a trained workforce in the community during temporary and seasonal layoffs, and helps keep cash circulating in the local economy.

