

Alaska Employer

Alaska Department of Labor and Workforce Development

Employment Security Tax

Third Quarter 2002

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REDUCE YOUR 2003 ES TAX RATE

As a reminder, the tax annual rating process is beginning for calendar year 2003. As an employer, you can ensure you receive the lowest rate possible. To avoid receiving a penalty rate for calendar year 2003, employers have until October 15 to file factual reports and pay any outstanding balance due. The penalty rate is 5.90 percent for calendar year 2002,

If you:

- ✓ have a balance due on your account;
- ✓ have not filed factual reports; or
- ✓ have been 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 that will 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 balances for contributions, interest and penalties.

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,
- ▶ have a bi-weekly payroll,
- ▶ a labor dispute settlement,
- ▶ or have a change in your accounting methods .

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**.

Questions on Options, tax rates, 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.

For more information about tax rates, refer to the **Alaska Employer Handbook**, which is also available online at the above web address.

Economic Information to Help your Business Grow

Coming in September 2002, Alaska's labor market information, valuable to employers interested in keeping up with the latest economic developments and industry trends in the state, will be delivered through a new and enhanced web site, at: www.labor.state.ak.us/research/research.htm

The site's new **Economic Information** section puts economic, occupation and population information at your fingertips with expanded navigational options. Interactive search capabilities allow you to explore industry, occupation, training program, geographic area, and employer information in expansive detail. The page also includes:

- ▶ An **Economic Update** column
- ▶ A **What's New** section highlighting a recent publication or data series
- ▶ An employment statistics **Top-Ten list**, updated monthly
- ▶ **Maps** linked to census demographic profiles.

Other features include:

- ▶ An updated **Quick Facts** section, containing interesting economic tidbits with links to more detailed information
- ▶ The **Monthly Unemployment Rate**, with a chart comparing Alaska's rate to that of the U.S
- ▶ A brief description of **Alaska Economic Trends** articles with links to the entire piece
- ▶ A **Search** function for archived articles and publications.

The new site uses the America's Labor Market Information System (ALMIS) database and integrates America's Job Bank and O*NET to provide a wide range of labor market information and services.