



Local Government Employer Benefit Trust Fund

SUPPORT BUSINESS & PROMOTE EMPLOYMENT

Local government units have the option of financing their costs of unemployment insurance by either paying taxes or reimbursing the Unemployment Compensation Trust Fund for benefits paid attributable to wages paid by the local government unit. The reimbursing can be either direct when billed or the reimbursement can be from the Local Government Employer Benefit Trust Fund (LGEBTF). Local governments electing to reimburse through the Local Government Fund will pay quarterly into the fund a percentage of all gross wages paid to covered employees. This percentage will be based on the experience of the political subdivision during the three-year period ending June 30 each year.

The rate to be paid into the LGEBTF by an employer is designed to build, over a three-year period, an account balance for each employer, within the Trust Fund, equal to about one year of benefit charges applicable to wages of the local government employer. During the first three years of participation the rate would not be less than one-tenth of one percent or more than five percent.

Employers with payroll in fewer than six quarters by the June 30 date will pay at the average benefit cost rate of all local government employers. Based on past experience this rate is 1.0 percent.

Rates will be assigned several months before the start of the local government budget period and will cover the period July 1 through June 30.

All benefits paid attributable to wages earned from a participating employer will be included in the experience of the employer for computing rates with the exception of benefits determined overpaid.

Interest earned by the Fund will be used to pay

1. Administrative and investment expenses,
2. Benefits determined overpaid for any reason,
3. Benefits attributed to a political subdivision that has closed, having no successor and insufficient account balance to cover such costs, and

4. Distribution of any excess to participating employer accounts.

The experience and liabilities of a political subdivision that has closed will be acquired by a successor. Any consolidation of units of government will result in a combination of experience for rate determination.

To become a participant in the Local Government Employer Benefit Trust Fund a political subdivision must make a request in writing to the Employment Department not later than January 31 of a calendar year. Effective date of participation will be the following July 1. The first payment into the fund will be made in the following October based on wages paid during the 3rd quarter (July-September). Payment will be made with the quarterly report of employment and wages filed with the Employment Department.

Once an employer elects to participate he or she will continue to be liable for a minimum of two years and until it requests cancellation in writing by January 31 of the year the cancellation is to be effective. Cancellation will be effective July 1. Between January 31 and July 1 the employer will be reimbursing. Upon withdrawal from the program an employer must make up any deficit in its account balance if benefits paid former employees amount to more than has been credited to the employer's account. After withdrawing, the political subdivision will be responsible for direct reimbursement to the Unemployment Compensation Trust Fund for any benefits based on wages paid during the period the employer was participating in the fund. On withdrawal, the employer may elect either the direct reimbursement option or the tax option. The tax option will be effective January 1, following withdrawal.

Local governments desiring to participate in this program need to do the following:

- A. An employer currently on the reimbursing option must, by January 31 of the year they desire to begin participation, request their reimbursement be made from the Local

Government Employer's Benefit Trust Fund. Their last direct reimbursement would be for claims paid during the April-June quarter just prior to participation. Beginning with benefits paid during the July-September quarter, reimbursement will be from the Trust Fund. In October, the employer will begin paying into the fund at its percentage rate on its July-September payroll.

B. An employer currently on the tax option must, by January 31 of the year they desire to begin participation, cancel its election to pay taxes (thus converting to the reimbursing option), and request their reimbursement be made from the Local Government Employers Benefit Trust Fund. Their last tax payment would be on the payroll for the October-December quarter preceding their participation date. The first payment into the fund would be in October following the participation date based on its rate and its July-September payroll.

C. Newly formed local governments must request the reimbursement be made from the Local Government Employers Benefit Trust Fund within the thirty-day period following the quarter in which the unit first paid wages. Payment into the fund begins with that quarter.

*You can view this file with the Adobe Acrobat Reader, available free.

Questions

If you have questions or need additional information, please contact the Employment Department tax representative in your area or call 503-947-1488; TDD/Nonvoice Users 711 or by email at taxinfo@emp.state.or.us. You may also visit our web site at www.Oregon.gov/employ/tax

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