



Virginia  
Regulatory  
Town Hall

Periodic Review and  
Notice of Intended Regulatory Action  
Agency Background Document

<b>Agency Name:</b>	Virginia Employment Commission
<b>VAC Chapter Number:</b>	16 VAC 5-20
<b>Regulation Title:</b>	Unemployment Taxes
<b>Action Title:</b>	Review & Pre-NOIRA
<b>Date:</b>	June 28, 2000

This information is required pursuant to the Administrative Process Act § 9-6.14:25, Executive Order Twenty-Five (98), and Executive Order Fifty-Eight (99) which outline procedures for periodic review of regulations of agencies within the executive branch. Each existing regulation is to be reviewed at least once every three years and measured against the specific public health, safety, and welfare goals assigned by agencies during the promulgation process.

This form should be used where the agency is planning to amend or repeal an existing regulation and is required to be submitted to the Registrar of Regulations as a Notice of Intended Regulatory Action (NOIRA) pursuant to the Administrative Process Act § 9-6.14:7.1 (B).

Summary

*Please provide a brief summary of the regulation. There is no need to state each provision; instead give a general description of the regulation and alert the reader to its subject matter and intent.*

Establishes procedures for the payment of unemployment taxes pursuant to chapter 5 of Title 60.2 of the Code of Virginia, and the posting of surety bonds by reimbursable employers.

Basis

*Please identify the state and/or federal source of legal authority for the regulation. The discussion of this authority should include a description of its scope and the extent to which the authority is mandatory or discretionary. Where applicable, explain where the regulation exceeds the minimum requirements of the state and/or federal mandate.*

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Sections 60.2-111 & 623 of the Code of Virginia

### Public Comment

*Please summarize all public comment received as the result of the Notice of Periodic Review published in the Virginia Register and provide the agency response. Where applicable, describe critical issues or particular areas of concern in the regulation. Also please indicate if an informal advisory group was or will be formed for purposes of assisting in the periodic review or development of a proposal.*

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No public comment was received regarding this regulation. No informal advisory group was or will be formed for purposes of assisting in the periodic review or development of a proposal.

### Effectiveness

*Please provide a description of the specific and measurable goals of the regulation. Detail the effectiveness of the regulation in achieving such goals and the specific reasons the agency has determined that the regulation is essential to protect the health, safety or welfare of citizens. In addition, please indicate whether the regulation is clearly written and easily understandable by the individuals and entities affected.*

#### GOAL

Promote the accurate reporting of employment and wages earned by employees, through auditing 2% of the taxable employers annually.

#### EFFECTIVENESS

This regulation sets out the procedure employers must follow for paying taxes and reporting wages to the Commission. By auditing 2% of employer accounts, the agency ensures that reports are being filed accurately. All citizens of the Commonwealth are protected by ensuring that the agency has accurate wage records on all employees and ensuring that required taxes are paid in a timely manner. The agency has determined that reimbursable employers should no longer be required to post the surety bond because the agency has never had to use surety bonds to collect unpaid reimbursements from a reimbursable employer. Eliminating the bond will be less burdensome to those employers, and reduce paperwork for the agency. The regulation is easily understandable and well written.

### Alternatives

*Please describe the specific alternatives for achieving the purpose of the existing regulation that have been considered as a part of the periodic review process. This description should include an explanation*

*of why such alternatives were rejected and this regulation reflects the least burdensome alternative available for achieving the purpose of the regulation.*

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Currently, the regulation requires reimbursable employers to post a surety bond. The committee considered eliminating that requirement. This would reduce the burden on both the reimbursable employers and the agency, and will allow the agency to perform its functions with less cost to reimbursable employers. The agency has never had to use the recourse offered by the surety bonds, and the agency has found that their use is no longer necessary.

**Recommendation**

*Please state whether the agency is recommending the regulation be amended or terminated and the reasons such a recommendation is being made.*

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The agency recommends that this regulation be amended as discussed above.

**Substance**

*Please detail any changes that would be implemented.*

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Eliminate language requiring reimbursable employers to post a surety bond.

**Family Impact Statement**

*Please provide a preliminary analysis of the proposed regulatory action that assesses the potential impact on the institution of the family and family stability including the extent to which the regulatory action will: 1) strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; 2) encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse, and one's children and/or elderly parents; 3) strengthen or erode the marital commitment; and 4) increase or decrease disposable family income.*

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This regulation ensures that wages and taxes are properly and timely reported resulting in the proper operating of the Unemployment Insurance System. All citizens can be assured that their wages are properly reported and that they will receive the correct amount of unemployment insurance payments when due. This assures all Virginia families that the system is administered properly.