

# Definition of Terms

(For complete definitions see MN. Statute § 268.035)

**ACH Credit** (Automated Clearing House Credit) - ACH Credit is a banking term that applies to the electronic transfer of funds. The customer initiates the transaction by instructing their bank to transfer funds from their bank account to the Minnesota Unemployment Insurance Fund's bank account.

**ACH Debit** (Automated Clearing House Debit) - The ACH Debit is a banking term that applies to the electronic transfer of funds. This method allows the customer to transfer funds by authorizing the Minnesota Unemployment Insurance Program to electronically debit their bank account for the amount they report via the online Employer Self-Service System.

**Acquisition of Business** - Gaining ownership of all or part of an existing business.

**Additional Assessment** - Employers with covered employment are required to pay additional funds to replenish the state UI trust fund when it falls below a certain level on March 31 of the preceding year.

**Agent** - Any individual or business who is authorized to conduct Unemployment Insurance business on behalf of one or more registered Minnesota employer(s).

**Agent Authorization** - The process whereby an employer grants secure access to their online employer account to an outside person or organization.

**Agent ID** - An identifier (alpha/numeric) assigned to an agent registered with the Minnesota Unemployment Insurance Program.

**Agricultural Employer** - An employer who maintains covered employment associated with cultivating the soil and/or raising or harvesting an agricultural or horticultural commodity on a farm.

**Applicant** - An individual who has submitted an application for unemployment benefits and has established or is pursuing the establishment of a benefit account.

**Automated Telephone System** (also referred to as IVR, short for **Interactive Voice Response**) - This option is for businesses and organizations without internet access; it is most practical for those who report either \$0 wages or who report wages for few employees.

**Base Period** - The first four of the last five completed calendar quarters prior to the effective date of an applicant's application for unemployment insurance benefits. The wages paid during the base period determine an applicant's weekly and maximum amount of unemployment benefits available.

**Base Tax Rate** - A tax rate determined each year by the amount in the Unemployment Insurance Trust Fund on March 31 of the prior year.

The rate:

- ranges from 0.10 percent to 0.50 percent,
- is the same for all employers, and
- is added to the experience rating for calculation of tax due.

**Benefits Paid Charges** - Unemployment benefits paid to an applicant that is applied to the employer's account. Benefits paid charges effect the employer's experience rating.

**Calendar Quarter** - The period of three consecutive calendar months ending on March 31, June 30, September 30, or December 31.

**Commissioner** - The commissioner of the Minnesota Department of Employment and Economic Development.

**Common Ownership** - Ownership by a spouse, parent, grandparent, child, grandchild, brother, sister, aunt, uncle, niece, nephew, or first cousin, by birth or marriage. Common ownership is assumed if both the predecessor and successor are publicly held corporations.

**Covered Employment** - When an individual (employee) performs service for a person or organization in return for compensation in the form of covered wages, the services performed by that individual is covered for unemployment insurance purposes.

**Covered Wages** - Wages paid by an employer to an employee on which the employer is required to pay unemployment insurance tax in accordance with Minnesota Unemployment Insurance Law. Wages paid to employees in covered employment are used as basis in establishing an unemployment insurance benefit account if an employee becomes unemployed by no fault of their own.

**DEED** - Department of Employment and Economic Development.

**Department** - The Minnesota Department of Employment and Economic Development.

**Electronic Transmission** - A communication sent by electronic means, and, when permitted by the commissioner, telephone communication.

**Employee** - An individual who is employed by a person or organization to perform services.

**Employer** - Any person or organization that has had one or more employees during the current or prior calendar year.

**Employer Account Number** - The number assigned to a Minnesota employer registered with the Minnesota Unemployment Insurance Program.

**Experience Rating** - Employers are assessed an unemployment insurance tax rate based on their individual account experience. Factors included in calculating an experience rating are unemployment insurance benefits paid charges and taxable payroll.

**High Experience Rating Industries** - Employers that have historically had a high amount of unemployment such as those engaged in residential, commercial, or industrial construction.

**High Quarter** - The calendar quarter in an applicant's base period with the highest amount of wages.

**Legal Entity** - A person or organization that is legally permitted to enter into a contract and can be sued if it fails to meet its contractual obligations.

**Reimbursing Employer** - A reimbursing employer pays into the Minnesota Unemployment Insurance Trust Fund an amount equal to the amount of unemployment insurance benefits paid to former employees. Certain nonprofit, governmental and tribal organizations may choose the reimbursement method of reporting.

**Reporting Unit** - A physical business location, financial center, division of labor (union vs. management etc.) or user security requirement.

**Reporting Unit Number** - The number assigned to each specific reporting unit within an employer account.

**Role Assignment** - The online process to manage information and tasks by giving secure access to employees and/or outside payroll agents.

**Special Assessment for Interest on Federal Loan** - Taxpaying employers are required to pay additional monies for interest on funds borrowed by the state UI trust fund from the federal unemployment insurance trust fund.

**System Administrator** - The employer or employee of the employer, who registers an employer account using the Minnesota Employer Self-Service System, will have exclusive access to assign user access and roles, view all information, make changes, and complete transactions for an employer account.

**Taxpaying Employer** - An employer who pays unemployment insurance taxes and any additional assessments, fees, or surcharges for each calendar quarter on the taxable wages paid to employees in covered employment.

**Tax Rate Buydown** - The process of submitting a payment to cancel all or part of benefits paid charges in order to reduce future tax rates.

**Taxable Payroll** - The cumulative wages paid to employees in covered employment each calendar year up to the taxable wage base for each employee that year.

**Taxable Wage Base** - On or before June 30 of each year, the commissioner calculates an amount equal to 60 percent of Minnesota's average annual wage, rounded to the nearest \$1,000.

**Taxable Wages** - Those wages paid to an employee in covered employment each calendar year up to the taxable wage base for that year.

**Unemployment Benefits** - The payment of unemployment insurance funds to eligible applicants who have applied for unemployment insurance benefits.

**UI** - Unemployment Insurance.

**Unemployment Insurance Taxes** - Payments required by the Minnesota Unemployment Insurance Law to be paid into the UI trust fund by an employer based on wages paid to employees in covered employment.

**User ID** - An eight-character identifier required for secure online access, created by the Minnesota Employer Self-Service System at the time of registration.

**Voluntary Election of Coverage** - The process whereby an employer that has non-covered employment elects coverage of their employees for unemployment insurance benefits.

**Wage Detail Report** - The report on each employee in covered employment required from an employer on a calendar quarter basis.

**Wages** - All compensation for services, including commissions; bonuses; severance payments; vacation and holiday pay; back pay; tips and gratuities; and the cash value of all compensation in any medium other than cash.

**Week** - The calendar week, ending at midnight Saturday.

**Workforce Development Fee** (also referred to as the Workforce Enhancement Fee) - A fee collected and deposited into the Minnesota Workforce Development Fund for the purpose of supporting employment and training programs for workers who have permanently lost their jobs.