

## Employment and Training Administration, Labor

## § 606.4

(iv) Maintenance of solvency effort required to retain a deferral previously granted.

### § 606.2 Total credits allowable.

The total credits allowed to an employer subject to the tax imposed by section 3301 of the Federal Unemployment Tax Act shall not exceed 5.4 percent with respect to taxable years beginning after December 31, 1984.

### § 606.3 Definitions.

For the purposes of the Acts cited and this part—

(a) *Act* means as appropriate the Federal Unemployment Tax Act (26 U.S.C. 3301–3311), or title XII of the Social Security Act (42 U.S.C. 1321–1324).

(b) *Advance* means a transfer of funds to a State unemployment fund, for the purpose of paying unemployment compensation, from the Federal unemployment account in the Unemployment Trust Fund, pursuant to section 1202 of the Social Security Act.

(c) *Benefit-cost ratio* for cap purposes for a calendar year is the percentage obtained by dividing—

(1) The total dollar sum of—

(i) All compensation actually paid under the State law during such calendar year, including in such total sum all regular, additional, and extended compensation, as defined in section 205 of the Federal-State Extended Unemployment Compensation Act of 1970, and excluding from such total sum—

(A) Any such compensation paid for which the State is entitled to reimbursement or was reimbursed under the provisions of any Federal Law, and

(B) Any such compensation paid which is attributable to services performed for a reimbursing employer, and which is not included in the total dollar amount reported under paragraph (c)(1)(i)(A) of this section, and

(ii) Any interest paid during such calendar year on any advance, by

(2) The total wages (as defined in § 606.3(1)) with respect to such calendar year. If any percentage determined by this computation for a calendar year is not a multiple of 0.1 percent, such percentage shall be reduced to the nearest multiple of 0.1 percent.

(d) *Contributions* means payments required by a State law to be made into

an unemployment fund by any person on account of having individuals in his employ, to the extent that such payments are made by him without being deducted or deductible from the remuneration of individuals in his employ.

(e) *Federal unemployment tax* means the excise tax imposed under section 3301 of the Federal Unemployment Tax Act on employers with respect to having individuals in their employ.

(f) *Fiscal year* means the Federal fiscal year which begins on October 1 of a year and ends on September 30, of the next succeeding year.

(g) *FUTA* refers to the Federal Unemployment Tax Act.

(h) *State unemployment fund* or *unemployment fund* means a special fund established under a State law for the payment of unemployment compensation to unemployed individuals, and which is an “unemployment fund” as defined in section 3306(f) of the Federal Unemployment Tax Act.

(i) *Taxable year* means the calendar year.

(j) *Unemployment tax rate* means, for any taxable year and with respect to any State, the percentage obtained by dividing the total amount of contributions paid into the State unemployment fund with respect to such taxable year by total wages as defined in § 606.3(1).

(k) *Wages, taxable* means the total sum of remuneration which is subject to contributions under a State law.

(l) *Wages, total* means the total sum of all remuneration covered by a State law, disregarding any dollar limitation on the amount of remuneration which is subject to contributions under the State law.

[53 FR 37429, Sept. 26, 1988, as amended at 71 FR 35513, June 21, 2006]

### § 606.4 Redelegation of authority.

(a) *Redelegation to OWS Administrator.* The Administrator, Office of Workforce Security (hereinafter “OWS Administrator”), is redelegated authority to make the determinations required under this part. This redelegation is contained in Employment and Training Order No. 1–84, published in the FEDERAL REGISTER on November 14, 1983 (48 FR 51870).

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(b) *Delegation by Governor.* The Governor of a State, as used in this part, refers to the highest executive official of a State. Wherever in this part an action is required by or of the Governor of a State, such action may be taken by the Governor or may be taken by a delegatee of the Governor if the Department is furnished appropriate proof of an authoritative delegation of authority.

[53 FR 37429, Sept. 26, 1988, as amended at 71 FR 35514, June 21, 2006]

### § 606.5 Verification of estimates and review of determinations.

The Department of Labor (hereinafter “Department”) shall verify all information and data provided by a State under this part, and the State shall comply with such provisions as the Department considers necessary to assure the correctness and verification of such information and data. The State agency of a State affected by a determination made by the OWS Administrator under this part may seek review of such determination by a higher level official of the Employment and Training Administration.

### § 606.6 Information, reports, and studies.

A State shall furnish to the Secretary of Labor such information and reports and conduct such studies as the Secretary determines are necessary or appropriate for carrying out the purposes of this part, including any additional information or data the OWS Administrator may require for the purposes of making determinations under subparts C and E of this part.

[53 FR 37429, Sept. 26, 1988, as amended at 71 FR 35514, June 21, 2006]

## Subpart B—Tax Credit Reduction [Reserved]

## Subpart C—Relief From Tax Credit Reduction

### § 606.20 Cap on tax credit reduction.

(a) *Applicability.* Subsection (f) of section 3302 of FUTA authorizes a limitation (cap) on the reduction of tax credits by reason of an outstanding balance of advances, if the OWS Administrator

determines with respect to a State, on or before November 10 of a taxable year, that—

(1) No action was taken by the State during the 12-month period ending on September 30 of such taxable year which has resulted, or will result, in a reduction in the State’s unemployment tax effort, as defined in § 606.21(a);

(2) No action was taken by the State during the 12-month period ending on September 30 of such taxable year which has resulted, or will result, in a net decrease in the solvency of the State unemployment compensation system, as defined in § 606.21(b);

(3) The State unemployment tax rate (as defined in § 606.3(j)) for the taxable year equals or exceeds the average benefit-cost ratio (as defined in § 606.3(c)) for the calendar years in the five-calendar year period ending with the calendar year immediately preceding the taxable year for which the cap is requested, under the rules specified in § 606.21 (c) and (d); and

(4) The outstanding balance of advances to the State on September 30 of the taxable year was not greater than the outstanding balance of advances to the State on September 30 of the third preceding taxable year.

(b) *Maximum tax credit reduction.* If a State qualifies for a cap, the maximum tax credit reduction for the taxable year shall not exceed 0.6 percent, or, if higher, the tax credit reduction that was in effect for the taxable year preceding the taxable year for which the cap is requested.

(c) *Year not taken into account.* If a State qualifies for a cap for any year, the year and January 1 of the year to which the cap applies will not be taken into account for purposes of determining reduction of tax credit for subsequent taxable years.

(d) *Partial caps.* Partial caps obtained under subsection (f)(8) are no longer available. Nevertheless, for the purposes of applying section 3302(c)(2) to subsequent taxable years, partial cap credits earned will be taken into account for purposes of determining reduction of tax credits. Also, the taxable year to which the partial cap applied (and January 1 thereof) will be