

# Employer contributions

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***Information in this section not applicable to reimbursing or 1 percent government employers***

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## ***Experience rating***

Experience rating is the system by which tax rates vary in relation to an employer's experience with unemployment. Experience rating has three major objectives.

- Serve as an incentive to stabilize employment
- Produce proper allocation of the cost of unemployment benefits
- Encourage employer participation in the program

## ***Eligibility for an experience-rating contribution rate***

The statutory (new) employer contribution rate is the greater of the following two options.

- The average contribution rate paid by all employers during the second year preceding the current calendar year
- 1 percent of taxable wages

The 1 percent rate is applied to all newly subject employers for approximately two calendar years. An employer with more than 15 months coverage prior to January 1 of the immediate previous year for which rates are computed is eligible for an experience-rating contribution rate.

## ***Definition of “experience period” (Section 1-227, Oklahoma Employment Security Act)***

According to Section 1-227 of the Oklahoma Employment Security Act, “experience period” means:

- for any tax year occurring before January 1, 2007, the most recent three (3) consecutive completed calendar years occurring before the calendar year for which a tax rate is being calculated
- for any tax year occurring after December 31, 2006, the most recent twelve (12) consecutive completed calendar quarters occurring before July 1 of the year immediately preceding the year for which the employer's contribution rate is being calculated.

An employer's benefit wage ratio is the percentage of taxable payroll used to compute eligibility of claimants during the same three-year experience period immediately prior to