

file a written request for review of its rate within 20 days of mailing of the notification. A Commission review order may be appealed to District Court.

A new employer with no unemployment insurance experience shall pay contributions at a rate of 1.0% of taxable wages for the calendar year 2010. The new employer rate can change annually, and it is based on an average of all contribution rates of state employers, with the minimum new employer rate being 1%.

Generally, each employer with two or more years of experience is assigned an earned rate. The earned rate is based on the employer's experience by calculating a benefit wage ratio and two statewide factors known as the state experience factor and the conditional factor.

The benefit wage ratio is a ratio of the benefit wage charges made against an employer account divided by the employer's taxable payroll for the preceding three years on which taxes have been paid by July 31st of the calendar year immediately preceding the year for which the contribution rate is being calculated. The state experience factor is the ratio of the total unemployment benefits paid in Oklahoma to the total benefit wages of all employers in the state for the preceding calendar year. The conditional factor is the ratio of the five-year average of total unemployment benefits paid in Oklahoma to the Trust Fund balance for the state.

There are tables found at 40 O.S. § 3-109 that list a range of state experience factors next to a range of possible employer's benefit wage ratios. Once the benefit wage ratio, the state experience factor, and the conditional factor are calculated, an employer's earned rate can be determined if the fund is in "no condition" by consulting the table. If the fund is in conditions A, B, C, or D, the corresponding increase in rates can be found in 40 O.S. § 3-113.

The taxable wage base is determined as a percentage of the state's average annual wage. This figure changes annually and represents the amount of wages that are to be taxed per employee. In the year 2010, the taxable wage base is \$14,900. Each employer is to report all wages on its quarterly report forms, but taxes are paid at the assigned rate only up to the amount of the taxable wage base on each employee.

A successor or acquiring employer is one that meets the terms of 40 O.S. § 3-111 and regulations of the OESC. To become a successor, an employer or business entity must substantially acquire all of the trade, employees, organization, business or assets of any employer and continue the operations of that predecessor employer as an ongoing business. If this occurs, the successor shall acquire the rating account of the predecessor employer, including the predecessor's actual contribution and benefit experience, annual payrolls, and contribution rate.

5. Oklahoma Business Activity Tax

(68 O.S. §§ 1215 et seq.)

A. The purpose of the Oklahoma Business Activity Tax Code to establish a revenue-neutral mechanism to provide a more fair and simplified taxation of businesses and individuals in this state while maintaining revenue levels for support of general governmental functions of the State of Oklahoma.