

February 5, 2026

Response Required

Business Name
Address line 1
Address line 2

Dear Employer:

You recently submitted an Idaho Business Registration indicating that you are operating as a non-profit 501(c)3 entity. Non-profit 501(c)3 entities have two options for paying unemployment insurance tax: 1) experience-rated or 2) cost-reimbursement. You must select a method by completing and submitting the enclosed form.

1. Cost-reimbursement employers reimburse the state in full for benefits paid to their employees. Cost-reimbursement employers are always liable for their proportionate share of benefits paid based upon the share of the claimant's wages that they paid. There is no option to receive relief of liability. Cost-reimbursement employers may go several years without any liability for benefits and then receive a large bill when an employee is paid benefits. Losing a grant or other funding can result in layoffs, which means that liability for benefit costs can come at a time when your budget is already strained.
2. Experience-rated employers pay contributions into a trust fund every quarter based on an assigned tax rate. The employer's tax rate may vary from year to year based upon the employer's experience with the Unemployment Insurance program. Employers with more benefit charges than contributions paid may see their tax rate increase, while employers that pay more contributions than benefit charges assigned to them may see a decrease in their tax rate. Even though an employer may experience an increase in its tax rate, the resulting increase in contributions are generally less than the benefits paid out to claimants, so the financial impact to the business as a result of a layoff is spread over several years.

When an employer elects the cost-reimbursement method, the election must remain in effect for a minimum of two full calendar years. After two years, an employer wishing to change to the experience-rated method must make the request at least thirty (30) days prior to the beginning of a new calendar year.

To finalize your UI account registration, please complete and return the enclosed form by **date + 30 days.**

If you have questions please call or email.

Sincerely,

Dept Rep
UI Compliance Bureau
208-332-3570 extension xxxx
1-800-448-2977 extension xxxx
user@labor.idaho.gov

FINANCING METHOD ELECTION

For Non-Profit 501(c)3 Organizations Only

Return by: Date + 30 days

The undersigned, being an authorized agent for the non-profit organization known as **Business Name**

1. hereby requests that this organization be considered a cost-reimbursement employer which will reimburse the Unemployment Insurance fund for its proportionate share of benefit costs in lieu of paying contributions, as provided in section 72-1349, Idaho Code. ** See important note at the bottom of this form.

As a cost-reimbursement employer, the undersigned further request that the organization be:

- A. allowed to pay 1.0% of its total payroll each quarter with an annual reconciliation of quarterly payments to actual benefit costs, OR
B. billed quarterly for the actual cost of benefits paid during the quarter.

OR

2. hereby requests that this organization be considered an experience rated employer to pay Unemployment Insurance contributions at a tax rate assigned by the state.

Dated this _____ day of _____, _____.

Signed: _____

Title: _____

If you elect the cost-reimbursement method, you must provide proof of your 501(c)3 status by submitting a copy of the IRS letter or a copy of the business's federal tax return. Without this information we must establish your account as an experience rated employer.