ALABAMA DEPARTMENT OF WORKFORCE
UNEMPLOYMENT COMPENSATION
ADMINISTRATIVE CODE

CHAPTER 480-4-2
TAX

480-4-2-.18 Filing Of Surety Bond, Cash Deposit Or Interest-Bearing Deposit For Non-Profit Organizations.

(1) The Department shall require a surety bond, cash deposit or interest-bearing deposit from non-profit organizations electing to make payments in lieu of contributions. The surety shall not be in excess of the rate prescribed in Code of Ala. 1975, §25-4-51(b)(7)a. nor less than 0.5 percent of the past year's payroll as defined therein (if there was no payroll, then the estimated payroll for the current year) as determined by the Unemployment Compensation Agency.

(2) Certain factors shall be taken into consideration in determining the rate. These include, but shall not be limited to:

(a) The turnover rate and the amount of seasonal employment.

(b) The method of financing the non-profit organization and the prospects for continued financing.

(c) The cash reserve.

(d) Capital investments.

(e) Other factors that would indicate the actual cost of paying unemployment benefits to former employees and the ability of the non-profit organization to pay such cost promptly.

(3) The surety bond will be filed on a form furnished or approved by the department and shall be issued by an organization licensed and authorized to issue bonds in this state. The surety bond shall be in force for not less than two full calendar years and shall be renewed not less frequently than at two-year intervals. The Director shall require adjustments in a previously filed bond as he/she deems appropriate.

(4) Money deposited as a surety bond, shall be maintained by the Director in an escrow account and may be used to satisfy any unpaid payments in lieu of contributions. The Director may review the adequacy of the cash deposit and require adjustments in the amount as he/she deems necessary.

(5) Money deposited as surety in interest-bearing accounts shall be held in an account assigned to the Director in a bank or financial institution licensed to do business in Alabama. The bank or financial institution must file a collateral security agreement on a form furnished or approved by the department. An assignment of depository account will be filed on a form furnished or approved by the department and monthly statements of the account shall be issued by the financial institution where the deposit is held to the Department. The Director shall require adjustments in the amount of deposit as deemed necessary.

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Statutory Authority: Code of Ala. 1975, §§25-2-7, 25-2-8, 25-4-111.
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