



Ohio Revised Code

Section 4141.241 Nonprofit organizations as employers.

Effective: September 21, 2000

Legislation: House Bill 509 - 123rd General Assembly

(A)(1) Any nonprofit organization described in division (X) of section 4141.01 of the Revised Code, which becomes subject to this chapter on or after January 1, 1972, shall pay contributions under section 4141.25 of the Revised Code, unless it elects, in accordance with this division, to pay to the director of job and family services for deposit in the unemployment compensation fund an amount in lieu of contributions equal to the amount of regular benefits plus one half of extended benefits paid from that fund that is attributable to service in the employ of the nonprofit organization to individuals whose service, during the base period of the claims, was within the effective period of such election.

(2) Any nonprofit organization which becomes subject to this chapter after January 1, 1972, may elect to become liable for payments in lieu of contributions for a period of not less than the remainder of that calendar year and the next calendar year, beginning with the date on which such subjectivity begins, by filing a written notice of its election with the director not later than thirty days immediately following the date of the determination of such subjectivity.

(3) Any nonprofit organization which makes an election in accordance with this division will continue to be liable for payments in lieu of contributions for the period described in this division and until it files with the director a written notice terminating its election. The notice shall be filed not later than thirty days prior to the beginning of the calendar year for which the termination is to become effective.

(4) Any nonprofit organization which has been paying contributions for a period subsequent to January 1, 1972, may change to a reimbursable basis by filing with the director, not later than thirty days prior to the beginning of any calendar year, a written notice of election to become liable for payments in lieu of contributions. The election shall not be terminable by the organization during that calendar year and the next calendar year.

(5) The director, in accordance with any rules the director prescribes, shall notify each nonprofit



organization of any determination which the director may make of its status as an employer and of the effective date of any election which it makes and of any termination of the election. Any determinations shall be subject to reconsideration, appeal, and review in accordance with section 4141.26 of the Revised Code.

(B) Except as provided in division (I) of section 4141.29 of the Revised Code, benefits based on service with a nonprofit organization granted a reimbursing status under this section shall be payable in the same amount, on the same terms, and subject to the same conditions, as benefits payable on the basis of other service subject to this chapter. Payments in lieu of contributions shall be made in accordance with this division and division (D) of section 4141.24 of the Revised Code.

(1)(a) At the end of each calendar quarter, or at the end of any other period as determined by the director under division (D)(4) of section 4141.24 of the Revised Code, the director shall bill each nonprofit organization or group of such organizations which has elected to make payments in lieu of contributions for an amount equal to the full amount of regular benefits plus one half of the amount of extended benefits paid during such quarter or other prescribed period which is attributable to service in the employ of such organization.

(b) In the computation of the amount of benefits to be charged to employers liable for payments in lieu of contributions, all benefits attributable to service described in division (B)(1)(a) of this section shall be computed and charged to such organization as described in division (D) of section 4141.24 of the Revised Code, and, except as provided in division (D)(2) of section 4141.24 of the Revised Code, no portion of the amount may be charged to the mutualized account established by division (B) of section 4141.25 of the Revised Code.

(c) The director may prescribe regulations under which organizations, which have elected to make payments in lieu of contributions may request permission to make such payments in equal installments throughout the year with an adjustment at the end of the year for any excess or shortage of the amount of such installment payments compared with the total amount of benefits actually charged the organization's account during the year. In making any adjustment, where the total installment payments are less than the actual benefits charged, the organization shall be liable for payment of the unpaid balance in accordance with division (B)(2) of this section. If the total installment payments exceed the actual benefits charged, all or part of the excess may, at the



discretion of the director, be refunded or retained in the fund as part of the payments which may be required in the next year.

(2) Payment of any bill rendered under division (B)(1) of this section shall be made not later than thirty days after the bill was mailed to the last known address of the organization or was otherwise delivered to it, unless there has been an application for review and redetermination in accordance with division (B)(4) of this section.

(3) Payments made by an organization under this section shall not be deducted or deductible, in whole or in part, from the remuneration of individuals in the employ of the organization.

(4) An organization may file an application for review and redetermination of the amounts appearing on any bill rendered to such organization under division (B)(1) of this section. The application shall be filed and determined under division (D)(4) of section 4141.24 of the Revised Code.

(5) Past-due payments of amounts in lieu of contributions shall be subject to the same interest rates and collection procedures that apply to past-due contributions under sections 4141.23 and 414.27 of the Revised Code. In case of failure to file a required quarterly report within the time prescribed by the director, the nonprofit organization shall be subject to a forfeiture pursuant to section 4141.20 of the Revised Code for each quarterly report that is not timely filed.

All interest and forfeitures collected under this division shall be paid into the unemployment compensation special administrative fund as provided in section 4141.11 of the Revised Code.

(6) All payments in lieu of contributions collected under this section shall be paid into the unemployment compensation fund as provided in section 4141.09 of the Revised Code. Any refunds of such payments shall be paid from the unemployment compensation fund, as provided in section 4141.09 of the Revised Code.

(C)(1) Any nonprofit organization, or group of such organizations approved under division (D) of this section, that elects to become liable for payments in lieu of contributions shall be required within thirty days after the effective date of its election, to execute and file with the director a surety bond approved by the director or it may elect instead to deposit with the director approved municipal or



other bonds, or approved securities, or a combination thereof, or other forms of collateral security approved by the director.

(2)(a) The amount of the bond or deposit required shall be equal to three per cent of the organization's wages paid for employment as defined in section 4141.01 of the Revised Code that would have been taxable had the organization been a subject employer during the four calendar quarters immediately preceding the effective date of the election, or the amount established by the director within the limitation provided in division (C)(2)(d) of this section, whichever is the less. The effective date of the amount of the bond or other collateral security required after the employer initially is determined by the director to be liable for payments in lieu of contributions shall be the renewal date in the case of a bond or the biennial anniversary of the effective date of election in the case of deposit of securities or other forms of collateral security approved by the director, whichever date shall be most recent and applicable. If the nonprofit organization did not pay wages in each of such four calendar quarters, the amount of the bond or deposit shall be as determined by the director under regulations prescribed for this purpose.

(b) Any bond or other form of collateral security approved by the director deposited under this division shall be in force for a period of not less than two calendar years and shall be renewed with the approval of the director, at such times as the director may prescribe, but not less frequently than at two-year intervals as long as the organization continues to be liable for payments in lieu of contributions. The director shall require adjustments to be made in a previously filed bond or other form of collateral security as the director considers appropriate. If the bond or other form of collateral security is to be increased, the adjusted bond or collateral security shall be filed by the organization within thirty days of the date that notice of the required adjustment was mailed or otherwise delivered to it. Failure by any organization covered by such bond or collateral security to pay the full amount of payments in lieu of contributions when due, together with any applicable interest provided for in division (B)(5) of this section, shall render the surety liable on the bond or collateral security to the extent of the bond or collateral security, as though the surety was the organization.

(c) Any securities accepted in lieu of surety bond by the director shall be deposited with the treasurer of state who shall have custody thereof and retain the same in the treasurer of state's possession, or release them, according to conditions prescribed by regulations of the director. Income from the



securities, held in custody by the treasurer of state, shall accrue to the benefit of the depositor and shall be distributed to the depositor in the absence of any notification from the director that the depositor is in default on any payment owed to the director. The director may require the sale of any such bonds to the extent necessary to satisfy any unpaid payments in lieu of contributions, together with any applicable interest or forfeitures provided for in division (B)(5) of this section. The director shall require the employer within thirty days following any sale of deposited securities, under this subdivision, to deposit additional securities, surety bond, or combination of both, to make whole the employer's security deposit at the approved level. Any cash remaining from the sale of such securities may, at the discretion of the director, be refunded in whole or in part, or be paid into the unemployment compensation fund to cover future payments required of the organization.

(d) The required bond or deposit for any nonprofit organization, or group of such organizations approved by the director under division (D) of this section, that is determined by the director to be liable for payments in lieu of contributions effective beginning on and after January 1, 1996, but prior to January 1, 1998, and the required bond or deposit for any renewed elections under division (C)(2)(b) of this section effective during that period shall not exceed one million two hundred fifty thousand dollars. The required bond or deposit for any nonprofit organization, or group of such organizations approved by the director under division (D) of this section, that is determined to be liable for payments in lieu of contributions effective on and after January 1, 1998, and the required bond or deposit for any renewed elections effective on and after January 1, 1998, shall not exceed two million dollars.

(3) If any nonprofit organization fails to file a bond or make a deposit, or to file a bond in an increased amount or to make whole the amount of a previously made deposit, as provided under this division, the director may terminate the organization's election to make payments in lieu of contributions effective for the quarter following such failure and the termination shall continue for not less than the remainder of that calendar year and the next calendar year, beginning with the quarter in which the termination becomes effective; except that the director may extend for good cause the applicable filing, deposit, or adjustment period by not more than thirty days.

(D)(1) Two or more nonprofit organizations that have become liable for payments in lieu of contributions, in accordance with division (A) of this section, may file a joint application to the director for the establishment of the group account for the purpose of sharing the cost of benefits



paid that are attributable to service in the employ of those employers. Notwithstanding division (E) of section 4141.242 of the Revised Code, hospitals operated by this state or a political subdivision may participate in a group account with nonprofit organizations under the procedures set forth in this section. Each application shall identify and authorize a group representative to act as the group's agent for the purposes of this division.

(2) Upon the director's approval of the application, the director shall establish a group account for the employers effective as of the beginning of the calendar quarter in which the director receives the application and shall notify the group's representative of the effective date of the account. The account shall remain in effect for not less than two years and thereafter until terminated by the director or upon application by the group.

(3) Upon establishment of the account, each member of the group shall be liable, in the event that the group representative fails to pay any bill issued to it pursuant to division (B) of this section, for payments in lieu of contributions with respect to each calendar quarter in the amount that bears the same ratio to the total benefits paid in the quarter that are attributable to service performed in the employ of all members of the group as the total wages paid for service in employment by the member in the quarter bear to the total wages paid during the quarter for service performed in the employ of all members of the group.

(4) The director shall adopt regulations as considered necessary with respect to the following: applications for establishment, bonding, maintenance, and termination of group accounts that are authorized by this section; addition of new members to and withdrawal of active members from such accounts; and the determination of the amounts that are payable under this division by the group representative and in the event of default in payment by the group representative, members of the group, and the time and manner of payments.