

**NOTICE:**

This substantive policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona administrative procedure act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under Arizona Revised Statutes section 41-1033 for a review of the statement.

*(This notice is required by A.R.S. § 41-1091(B).)*

**NOTICE OF SUBSTANTIVE POLICY STATEMENT**

**DEPARTMENT OF ECONOMIC SECURITY**

1. **Title of the substantive policy statement and the substantive policy statement number by which the policy statement is referenced:**

Unemployment Insurance Tax: Apartment Owner and Management Company. The substantive policy statement number is 17P-C041.

2. **Date the substantive policy statement was issued and the effective date of the policy statement if different from the issuance date:**

The substantive policy statement was issued and will become effective upon filing with the Office of the Secretary of State.

3. **Summary of the contents of the substantive policy statement:**

The substantive policy statement describes how the Department will treat Unemployment Insurance Tax accounts involving apartment owners under various scenarios, when the apartment owner uses the services of a management company.

4. **Federal or state constitutional provision; federal or state statute, administrative rule, or regulation; or final court judgment that underlies the substantive policy statement:**

A.R.S. § 23-725

5. **Statement as to whether the substantive policy statement is a new statement or a revision:**

This is a new substantive policy statement.

6. **Name, address and telephone number of the person to whom questions and comments about the substantive policy statement may be directed:**

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Policy Statement  
Number: 17P-C041  
Unemployment Insurance Tax  
Date Issued: May 19, 2010

### SUBJECT

Apartment owner and management company.

### DISCUSSION AND CONCLUSION

In the event an apartment owner hires a management company, the Department will hold the management company as the employer. The management company should report all forms of remuneration to the Department.

In addition, if an apartment owner who has an employer account with the Department hires a management company, then the Department will suspend the employer's account. In the event the apartment owner who has an employer account sells the apartments, the employer's account will be inactivated.

Please note:

In the following situations, a successorship has not occurred and the Department will not set up a successorship account:

1. The apartment owner hires a management company.
2. Management transfers from one management company to another (unless the sole activity of the predecessor management company was transferred).
3. Management transfers from a management company to a previous apartment owner or a new apartment owner. In the event the transfer is to a previous apartment owner, the Department will refer to the termination provisions of Arizona Revised Statute (A.R.S.) § 23-725 to determine whether the employer's suspended account should be reopened.
4. Ownership change from a covered apartment owner to a new apartment owner.
  - No successorship if the new apartment owner immediately engages a management company. The previous apartment owner's account will be inactivated.
  - Successorship if the new apartment owner continues the operations of the apartments. However, the successorship account will be suspended if the employer does not continue operations of the apartments.

### REFERENCES

A.R.S. § 23-725.

## AGENCY RECEIPT

### NOTICE OF SUBSTANTIV E POLICY STATEMENT

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