### GENERAL ASSEMBLY OF NORTH CAROLINA

### **EXTRA SESSION 1994**

H 1

#### **HOUSE BILL 231**

Short Title: Unemployment Tax Cut.	(Public)
Sponsors: Representatives G. Miller, Hackney, Redwine; and Bowman.	
Referred to: Finance.	

## March 10, 1994

1 A BILL TO BE ENTITLED 2 AN ACT TO REDUCE THE UNEMPLOYMENT INSURANCE TAX RATE. 3 The General Assembly of North Carolina enacts: Section 1. G.S. 96-9(b)(1) reads as rewritten: 4 Except as provided in subsection (d) hereof, each employer shall pay 5 "(1)contributions with respect to employment during any calendar year 6 7 prior to January 1, 1955, as required by this Chapter prior to such 8 January 1, 1955, and each employer shall pay contributions equal to 9 two and seven-tenths percent (2.7%) of wages paid by him during the 10 calendar vear 1955 and each year thereafter with respect to 11 employment occurring after December 31, 1954, which shall be 12 deemed the standard rate of contributions payable by each employer except as provided herein. Provided that except as provided in 13 14 subsection (d) hereof, each employer shall pay contributions equal to 15 two and twenty-five hundredths percent (2.25%) of wages paid by him during the calendar year 1987 and each year thereafter with respect to 16 employment occurring after December 31, 1986, which shall be 17 deemed the standard beginning rate of contributions payable by each 18 19 employer. The standard beginning rate of contributions for an employer is a percentage of wages paid by the employer during a 20 21 calendar year for employment occurring during that year. The rate is 22 determined in accordance with the following table:

2324 Percentage

Date After Which Employment Occurs

1	2.25%		December 31							
2	<u>1.8</u>	7.0.06.041/2) 1	<u>December 31, 1993</u>	<u>).</u> "						
3		G.S. 96-9(b)(3) read		77 727 20						
4	"(3) a. through c. Repealed by Session Laws 1977, c. 727, s. 39.									
5	d. Rate schedule A,B,C,D,E,F,G,H, or I appearing on the line									
6	opposite the fund ratio in the following Fund Ratio Schedules table shall be applicable in determining and assigning each									
7										
8			•	ate for the calendar year						
9				tion date. The fund ratio is						
10				efits in the Unemployment						
11			-	n date divided by the total						
12				l subject employers for the						
13 14		date.	iod ending June 30	preceding the computation						
		date.								
15 16		ELIMD D	ATIO SCHEDULES							
16		FUND KA	HIU SCHEDULES							
18	W	Then the Fund Ratio	Ic: Applicable							
19	As Much As	<del>nen me runu Ratio</del>	Is: Applicable But Less Than	Schedule						
20		5% A	<del>Dut LESS Than</del>	<del>Schedule</del>						
21	<del></del>	<del>370</del> <del>71</del>	<del>3.5%</del>	B						
22	3.5%		4.5%	E						
23	4.5%		<del>5.5%</del>	Đ						
24	<del>5.5%</del>		<del>5.5%</del>	<del>E</del>						
25	<del>5.5%</del>		<del>7.5%</del>	<del>E</del>						
26	<del>7.5%</del>		8.5%	$\frac{\mathbf{F}}{\mathbf{G}}$						
27	8.5%		9.5%	H G						
28		excess thereof	7.370	Į.						
29	7.5 / 0 und m	excess thereor		1						
30		FUND R	ATIO SCHEDULES							
31		I CITE III	IIIO SCIILLO CLLS							
32	W	hen the Fund Ratio	Is: Applicable							
33	As Much As		But Less Than	<u>Schedule</u>						
34		<u>0%</u> <u>A</u>	<u> </u>	<u>~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ </u>						
35	2.0%	<u> </u>	3.0%	В						
36	3.0%		4.0%	$\overline{\overline{C}}$						
37	4.0%		5.0%	$\overline{\overline{\mathrm{D}}}$						
38	5.0%		6.0%	$\overline{\mathrm{E}}$						
39	6.0%		7.0%	$\overline{\overline{\mathrm{F}}}$						
40	7.0%		8.0%	$\overline{\underline{G}}$						
41	8.0%		9.0%	$\overline{\overline{\mathrm{H}}}$						
42		excess thereof	<del></del>	<u>B</u> <u>C</u> <u>D</u> <u>E</u> <u>F</u> <u>G</u> <u>H</u> <u>I</u>						
43				_						

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d1. The standard contribution rate set by subdivision (b)(1) of this section applies to an employer unless the employer's account has a credit balance. The Until January 1, 1994, the contribution rate of an employer whose account has a credit balance is determined in accordance with the rate set in the following Experience Rating Formula table for the applicable rate schedule. The contribution rate of an employer whose contribution rate is determined by the this Experience Rating Formula table shall be reduced by thirty percent (30%) for any year in which the balance in the Unemployment Insurance Fund equals or exceeds eight hundred million dollars (\$800,000,000) on the computation date.

## **EXPERIENCE RATING FORMULA**

17	As Much	But Less									
18	As				Than	Rate	Sched	ules (%	(o)		
19		A								В	C
20										D	E
21										F	G
22										Н	I
23		0.2% 2.70	2.70	2.70	2.70	2.70	2.70	2.50	2.30	2.10	
24	0.2%	0.4% 2.70	2.70	2.70	2.70	2.70	2.50	2.30	2.10	1.90	
25	0.4%	0.6% 2.70	2.70	2.70	2.70	2.50	2.30	2.10	1.90	1.70	
26	0.6%	0.8% 2.70	2.70	2.70	2.50	2.30	2.10	1.90	1.70	1.50	
27	0.8%	1.0% 2.70	2.70	2.50	2.30	2.10	1.90	1.70	1.50	1.30	
28	1.0%	1.2% 2.70	2.50	2.30	2.10	1.90	1.70	1.50	1.30	1.10	
29	1.2%	1.4% 2.50	2.30	2.10	1.90	1.70	1.50	1.30	1.10	0.90	
30	1.4%	1.6% 2.30	2.10	1.90	1.70	1.50	1.30	1.10	0.90	0.80	
31	1.6%	1.8% 2.10	1.90	1.70	1.50	1.30	1.10	0.90	0.80	0.70	
32	1.8%	2.0% 1.90	1.70	1.50	1.30	1.10	0.90	0.80	0.70	0.60	
33	2.0%	2.2% 1.70	1.50	1.30	1.10	0.90	0.80	0.70	0.60	0.50	
34	2.2%	2.4% 1.50	1.30	1.10	0.90	0.80	0.70	0.60	0.50	0.40	
35	2.4%	2.6% 1.30	1.10	0.90	0.80	0.70	0.60	0.50	0.40	0.30	
36	2.6%	2.8% 1.10	0.90	0.80	0.70	0.60	0.50	0.40	0.30	0.20	
37	2.8%	3.0% 0.90	0.80	0.70	0.60	0.50	0.40	0.30	0.20	0.15	
38	3.0%	3.2% 0.80	0.70	0.60	0.50	0.40	0.30	0.20	0.15	0.10	
39	3.2%	3.4% 0.70	0.60	0.50	0.40	0.30	0.20	0.15	0.10	0.09	
40	3.4%	3.6% 0.60	0.50	0.40	0.30	0.20	0.15	0.10	0.09	0.08	
41	3.6%	3.8% 0.50	0.40	0.30	0.20	0.15	0.10	0.09	0.08	0.07	
42	3.8%	4.0% 0.40	0.30	0.20	0.15	0.10	0.09	0.08	0.07	0.06	
43	4.0%	4.2% 0.30	0.20	0.15	0.10	0.09	0.08	0.07	0.06	0.05	
44	4.2%	4.4% 0.20	0.15	0.10	0.09	0.08	0.07	0.06	0.05	0.04	

When The Credit Ratio Is:

1	4.4%	4.6%	0.15	0.10	0.09	0.08	0.07	0.06	0.05	0.04	0.03
2	4.6%	4.8%	0.10	0.09	0.08	0.07	0.06	0.05	0.04	0.03	0.02
3	4.8%	5.0%	0.09	0.08	0.07	0.06	0.05	0.04	0.03	0.02	0.01
4	5.0%	5.2%	0.08	0.07	0.06	0.05	0.04	0.03	0.02	0.01	0.01
5	5.2%	5.4%	0.07	0.06	0.05	0.04	0.03	0.02	0.01	0.01	0.01
6	5.4%	5.6%	0.06	0.05	0.04	0.03	0.02	0.01	0.01	0.01	0.01
7	5.6%	5.8%	0.05	0.04	0.03	0.02	0.01	0.01	0.01	0.01	0.01
8	5.8%	6.0%	0.04	0.03	0.02	0.01	0.01	0.01	0.01	0.01	0.01
9	6.0%	6.2%	0.03	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01
10	6.2%	6.4%	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
11	6.4% & 0	Over	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

d2. The standard contribution rate set by subdivision (b)(1) of this section applies to an employer unless the employer's account has a credit balance. Beginning January 1, 1994, the contribution rate of an employer whose account has a credit balance is determined in accordance with the rate set in the following Experience Rating Formula table for the applicable rate schedule. The contribution rate of an employer whose contribution rate is determined by this Experience Rating Formula table shall be reduced by fifty percent (50%) for any year in which the balance in the Unemployment Insurance Fund equals or exceeds eight hundred million dollars (\$800,000,000) on the computation date.

# **EXPERIENCE RATING FORMULA**

When The Credit Ratio Is:

29	<u>As</u> <u>But</u>									
30	Much Less									
31				$\underline{\mathbf{A}\mathbf{s}}$	<u>Than</u>		Rate Sc	hedules (	<u>%)</u>	
32		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>	<u>I</u>
33	<u>0.0%</u> <u>0.2%</u>	<u>2.70</u>	<u>2.70</u>	<u>2.70</u>	<u>2.70</u>	<u>2.70</u>	<u>2.50</u>	<u>2.30</u>	<u>2.10</u>	<u>1.90</u>
34	<u>0.2%</u> <u>0.4%</u>	<u>2.70</u>	<u>2.70</u>	<u>2.70</u>	<u>2.70</u>	<u>2.50</u>	<u>2.30</u>	<u>2.10</u>	<u>1.90</u>	<u>1.70</u>
35	<u>0.4%</u> <u>0.6%</u>	<u>2.70</u>	<u>2.70</u>	<u>2.70</u>	<u>2.50</u>	2.30	2.10	<u>1.90</u>	<u>1.70</u>	<u>1.50</u>
36	<u>0.6%</u> <u>0.8%</u>	<u>2.70</u>	<u>2.70</u>	2.50	<u>2.30</u>	<u>2.10</u>	<u>1.90</u>	<u>1.70</u>	1.50	1.30
37	<u>0.8%</u> <u>1.0%</u>	<u>2.70</u>	<u>2.50</u>	2.30	<u>2.10</u>	<u>1.90</u>	<u>1.70</u>	<u>1.50</u>	1.30	<u>1.10</u>
38	<u>1.0%</u> <u>1.2%</u>	<u>2.50</u>	<u>2.30</u>	2.10	<u>1.90</u>	<u>1.70</u>	<u>1.50</u>	<u>1.30</u>	<u>1.10</u>	0.90
39	<u>1.2%</u> <u>1.4%</u>	2.30	<u>2.10</u>	<u>1.90</u>	<u>1.70</u>	<u>1.50</u>	1.30	<u>1.10</u>	0.90	0.80
40	<u>1.4%</u> <u>1.6%</u>	<u>2.10</u>	<u>1.90</u>	<u>1.70</u>	<u>1.50</u>	1.30	<u>1.10</u>	<u>0.90</u>	<u>0.80</u>	<u>0.70</u>
41	<u>1.6%</u> <u>1.8%</u>	<u>1.90</u>	<u>1.70</u>	<u>1.50</u>	<u>1.30</u>	<u>1.10</u>	<u>0.90</u>	0.80	<u>0.70</u>	0.60
42	<u>1.8%</u> <u>2.0%</u>	<u>1.70</u>	<u>1.50</u>	1.30	<u>1.10</u>	<u>0.90</u>	0.80	<u>0.70</u>	0.60	0.50
43	<u>2.0%</u> <u>2.2%</u>	<u>1.50</u>	<u>1.30</u>	<u>1.10</u>	<u>0.90</u>	0.80	<u>0.70</u>	0.60	0.50	0.40
44	<u>2.2%</u> <u>2.4%</u>	<u>1.30</u>	<u>1.10</u>	<u>0.90</u>	0.80	<u>0.70</u>	<u>0.60</u>	<u>0.50</u>	<u>0.40</u>	0.30

	1994			GEN	NERAL .	ASSEM	BLY OF	NORT	H CAR	OLINA
		1.10	0.00	0.00	0.70	0.60	0.50	0.40	0.00	0.00
1	$\frac{2.4\%}{2.6\%}$ $\frac{2.6\%}{2.00\%}$	1.10	0.90	$\frac{0.80}{0.70}$	0.70	0.60	0.50	$\frac{0.40}{0.20}$	0.30	$\frac{0.20}{0.15}$
2	2.6% 2.8%	0.90	$\frac{0.80}{0.70}$	$\frac{0.70}{0.60}$	0.60	$\frac{0.50}{0.40}$	$\frac{0.40}{0.20}$	$\frac{0.30}{0.30}$	$\frac{0.20}{0.15}$	$\frac{0.15}{0.10}$
3	2.8% 3.0%	0.80	0.70	0.60	0.50	0.40	0.30	0.20	0.15	0.10
4	3.0% 3.2%	0.70	0.60	0.50	0.40	0.30	0.20	0.15	0.10	1.09
5	$\frac{3.2\%}{3.4\%}$ $\frac{3.4\%}{3.6\%}$	0.60	0.50	$\frac{0.40}{0.20}$	0.30	$\frac{0.20}{0.15}$	0.15	0.10	0.09	0.08
6	3.4% 3.6%	0.50	$\frac{0.40}{0.20}$	$\frac{0.30}{0.20}$	0.20	0.15	0.10	0.09	$\frac{0.08}{0.07}$	$\frac{0.07}{0.06}$
7	3.6% 3.8%	$\frac{0.40}{0.20}$	0.30	$\frac{0.20}{0.15}$	0.15	0.10	0.09	0.08	$\frac{0.07}{0.06}$	0.06
8	3.8% 4.0%	0.30	$\frac{0.20}{0.15}$	$\frac{0.15}{0.10}$	0.10	0.09	0.08	$\frac{0.07}{0.06}$	$\frac{0.06}{0.05}$	0.05
9	4.0% 4.2%	$\frac{0.20}{0.15}$	0.15	$\frac{0.10}{0.00}$	0.09	0.08	$\frac{0.07}{0.06}$	0.06	0.05	$\frac{0.04}{0.02}$
10	4.2% 4.4%	0.15	0.10	0.09	0.08	0.07	0.06	0.05	0.04	0.03
11	4.4% 4.6%	0.10	0.09	0.08	0.07	0.06	0.05	0.04	0.03	0.02
12	<u>4.6%</u> <u>4.8%</u>	0.09	0.08	$\frac{0.07}{0.06}$	0.06	0.05	0.04	0.03	0.02	0.01
13	<u>4.8%</u> <u>5.0%</u>	$\frac{0.08}{0.07}$	$\frac{0.07}{0.06}$	$\frac{0.06}{0.05}$	0.05	$\frac{0.04}{0.02}$	$\frac{0.03}{0.03}$	$\frac{0.02}{0.01}$	0.01	0.01
14	<u>5.0%</u> <u>5.2%</u>	$\frac{0.07}{0.06}$	0.06	$\frac{0.05}{0.04}$	$\frac{0.04}{0.02}$	0.03	0.02	$\frac{0.01}{0.01}$	0.01	0.01
15	<u>5.2%</u> <u>5.4%</u>	0.06	0.05	$\frac{0.04}{0.02}$	0.03	$\frac{0.02}{0.01}$	$\frac{0.01}{0.01}$	$\frac{0.01}{0.01}$	0.01	0.01
16	<u>5.4%</u> <u>5.6%</u>	0.05	0.04	$\frac{0.03}{0.02}$	0.02	0.01	0.01	0.01	0.01	0.01
17	<u>5.6%</u> <u>5.8%</u>	0.04	0.03	0.02	0.01	0.01	0.01	0.01	0.01	0.01
18	<u>5.8%</u> <u>6.0%</u>	0.03	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01
19	6.0% 6.2%	<u>0.02</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	0.01	0.01	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>
20	<u>6.2% &amp;</u>	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
21	<u>Over</u>	<u>0.01</u>								
22			г 1	1	1			c		. 1.
23		e.						-	-	ion date
24										shall be
25										opposite
26						forth in	the follo	wing Ka	ate Sche	edule for
27			Overa	rawn A	ccounts:					
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33	As Much As			Dut 1	Less Tha 0.3%	.11	AS	signed R 2.9%		
34	0.0%									
35	0.3				0.6			3.1		
36	0.6				0.9 1.2			3.3 3.5		
37	0.9									
38	1.2				1.5			3.7		
39	1.5				1.8			3.9		
40	1.8				2.1 2.4			4.1 4.3		
41	2.1									
42	2.4				2.7			4.5		
43	2.7				3.0			4.7		

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1	3.3	3.6			5.1
2	3.6	3.9			5.3
3	3.9	4.2		5.5	
4	4.2 and over				5.7
5		The Rate	Schedule	for	Overd

The Rate Schedule for Overdrawn Accounts Beginning with the Calendar Year 1966 in force in any particular calendar year shall apply to all accounts for that calendar year subsequent replacement enactments notwithstanding.

- f. The computation date for all contribution rates shall be August 1 of the calendar year preceding the calendar year with respect to which such rates are effective.
- Any employer may at any time make a voluntary contribution, g. additional to the contributions required under this Chapter, to the fund to be credited to his account, and such voluntary contributions when made shall for all intents and purposes be deemed 'contributions required' as said term is used in G.S. 96-8(8). Any voluntary contributions so made by an employer within 30 days after the date of mailing by the Commission pursuant to G.S. 96-9(c)(3) herein, of notification of contribution rate contained in cumulative account statement and computation of rate, shall be credited to his account as of the July 31. Provided, however, previous any voluntary contribution made as provided herein after July 31 of any year shall not be considered a part of the balance of the unemployment insurance fund for the purposes of G.S. 96-9(b)(3) until the following July 31. The Commission in accepting a voluntary contribution shall not be bound by any condition stipulated in or made a part of such voluntary contribution by any employer.
- h. If, within the calendar month in which the computation date occurs, the Commission finds that any employing unit has failed to file any report required in connection therewith or has filed a report which the Commission finds incorrect or insufficient, the Commission shall make an estimate of the information required from such employing unit on the basis of the best evidence reasonably available to it at the time and shall notify the employing unit thereof by registered mail addressed to its last known address. Unless such employing unit shall file the report or a corrected or sufficient report, as the case may be, within 15 days after the mailing of such notice, the Commission shall compute such employing unit's rate of contributions on the basis of such estimates, and the rate as so determined shall be

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- subject to increases but not to reduction, on the basis of 1 2 subsequently ascertained information. 3 i. Repealed by Session Laws 1987, c. 17, s. 5. A tax is imposed upon contributions at the rate of twenty 4 j. 5 percent (20%) of the amount of contributions due. The tax is 6 due and payable at the time and in the same manner as the 7 contributions. The tax does not apply in a calendar year if, as of August 1 of the preceding year, the amount in the Reserve Fund 8 9 equals or exceeds one hundred sixty-three million three hundred 10 forty-nine thousand dollars (\$163,349,000), which is one percent (1%) of taxable wages for calendar year 1984. The 11 12 collection of this tax, the assessment of interest and penalties on unpaid taxes, the filing of judgment liens, and the enforcement 13 14 of the liens for unpaid taxes is governed by the provisions of 15 G.S. 96-10 where applicable. Taxes collected under this subpart 16 shall be credited to the Employment Security Commission 17 Reserve Fund, and refunds of the taxes shall be paid from the 18 same Fund. Any interest or penalties collected on unpaid taxes 19 shall be credited to the Special Employment Security 20 Administration Fund, and any interest or penalties refunded on 21 taxes imposed by this subpart shall be paid from the same 22 Fund."
- 23 Sec. 3. G.S. 96-9(b)(3)d1. is repealed.
  - Sec. 4. Section 3 of this act becomes effective January 1, 1997. remainder of this act is effective upon ratification and applies to quarters beginning on or after January 1, 1994.