

STATE OF NORTH CAROLINA  
 OFFICE OF THE GOVERNOR  
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RECEIVED FROM GOVERNOR  
 Date: June 30, 2011  
 Time: 4:50 pm  
 Sarah Clapp

BEVERLY EAVES PERDUE  
 GOVERNOR

June 30, 2011

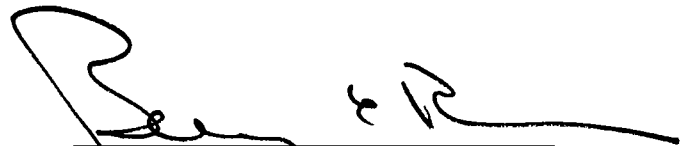
**GOVERNOR'S OBJECTIONS AND VETO MESSAGE**

*Senate Bill 532, "An Act to Reform the Employment Security Laws of North Carolina by Creating the Division of Employment Security Within the Department of Commerce, Transferring the Functions of the Employment Security Commission to that Division, Making the Division Subject to Rulemaking Under Article 2A of Chapter 150B of the General Statutes, and by Making Other Modifications and Conforming Changes to Align the Employment Security Functions of State Government Under the Direct Leadership of the Secretary of Commerce"*

In Executive Order No. 85, I called for the transfer of the Employment Security Commission to the Department of Commerce for administrative purposes as a way to streamline State government. The General Assembly agreed with this idea by placing a provision in its budget bill directing that such a transfer take place. However, Senate Bill 532 goes far beyond an administrative transfer and proceeds to radically change the way that unemployment benefits are administered in this State -- doing so in a way that calls into question the fairness of the entire process. As a result of these drastic changes, we have been informed by the United States Department of Labor that any finding of a lack of conformity between this bill and federal law will result in North Carolina's loss of money for its unemployment insurance program and that this bill will also raise taxes on all employers statewide who pay federal unemployment taxes. I cannot allow a bill to become law that will endanger our receipt of these much-needed federal funds for our unemployed citizens. Nor am I willing to approve this increased tax on our State's employers.

In the meantime, however, based on my powers under the State Constitution, I am issuing Executive Order No. 95. This Executive Order ensures that the Employment Security Commission will maintain the integrity of its process for administering unemployment benefits while being administratively housed within the Department of Commerce.

Therefore, I veto the bill.

  
 Beverly Eaves Perdue

*This bill, having been vetoed, is returned to the Clerk of the North Carolina Senate on this 30<sup>th</sup> day of June, 2011, at 4:10 pm for reconsideration by that body.*

