

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1999

SESSION LAW 1999-321
HOUSE BILL 275

AN ACT TO IMPLEMENT A ZERO UNEMPLOYMENT INSURANCE TAX RATE FOR MORE EMPLOYERS WITH POSITIVE EXPERIENCE RATINGS, AND TO TEMPORARILY REDUCE THE UNEMPLOYMENT INSURANCE TAX BY TWENTY PERCENT FOR MOST EMPLOYERS AND SUBSTITUTE AN EQUIVALENT CONTRIBUTION TO FUND ENHANCED EMPLOYMENT SERVICES AND WORKER TRAINING PROGRAMS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 96-9(b)(3)d3. reads as rewritten:

"d3. 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, ~~1995~~, 1999, 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 and the fund ratio determined on that date is less than five percent (5%) and shall be reduced by sixty percent (60%) 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, and the fund ratio determined on that date is five percent (5%) or more.

EXPERIENCE RATING FORMULA

When The Credit Ratio Is:

As But

Much Less

As Than

		<u>Rate Schedules (%)</u>								
		<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>
0.0%	0.2%	2.70%	2.70%	2.70%	2.70%	2.50%	2.30%	2.10%	1.90%	1.70%
0.2%	0.4%	2.70%	2.70%	2.70%	2.50%	2.30%	2.10%	1.90%	1.70%	1.50%

0.4%	0.6%	2.70%	2.70%	2.50%	2.30%	2.10%	1.90%	1.70%	1.50%	1.30%
0.6%	0.8%	2.70%	2.50%	2.30%	2.10%	1.90%	1.70%	1.50%	1.30%	1.10%
0.8%	1.0%	2.50%	2.30%	2.10%	1.90%	1.70%	1.50%	1.30%	1.10%	0.90%
1.0%	1.2%	2.30%	2.10%	1.90%	1.70%	1.50%	1.30%	1.10%	0.90%	0.80%
1.2%	1.4%	2.10%	1.90%	1.70%	1.50%	1.30%	1.10%	0.90%	0.80%	0.70%
1.4%	1.6%	1.90%	1.70%	1.50%	1.30%	1.10%	0.90%	0.80%	0.70%	0.60%
1.6%	1.8%	1.70%	1.50%	1.30%	1.10%	0.90%	0.80%	0.70%	0.60%	0.50%
1.8%	2.0%	1.50%	1.30%	1.10%	0.90%	0.80%	0.70%	0.60%	0.50%	0.40%
2.0%	2.2%	1.30%	1.10%	0.90%	0.80%	0.70%	0.60%	0.50%	0.40%	0.30%
2.2%	2.4%	1.10%	0.90%	0.80%	0.70%	0.60%	0.50%	0.40%	0.30%	0.20%
2.4%	2.6%	0.90%	0.80%	0.70%	0.60%	0.50%	0.40%	0.30%	0.20%	0.15%
2.6%	2.8%	0.80%	0.70%	0.60%	0.50%	0.40%	0.30%	0.20%	0.15%	0.10%
2.8%	3.0%	0.70%	0.60%	0.50%	0.40%	0.30%	0.20%	0.15%	0.10%	0.09%
3.0%	3.2%	0.60%	0.50%	0.40%	0.30%	0.20%	0.15%	0.10%	0.09%	0.08%
3.2%	3.4%	0.50%	0.40%	0.30%	0.20%	0.15%	0.10%	0.09%	0.08%	0.07%
3.4%	3.6%	0.40%	0.30%	0.20%	0.15%	0.10%	0.09%	0.08%	0.07%	0.06%
3.6%	3.8%	0.30%	0.20%	0.15%	0.10%	0.09%	0.08%	0.07%	0.06%	0.05%
3.8%	4.0%	0.20%	0.15%	0.10%	0.09%	0.08%	0.07%	0.06%	0.05%	0.04%
4.0%	4.2%	0.15%	0.10%	0.09%	0.08%	0.07%	0.06%	0.05%	0.04%	0.03%
4.2%	4.4%	0.10%	0.09%	0.08%	0.07%	0.06%	0.05%	0.04%	0.03%	0.02%
4.4%	4.6%	0.09%	0.08%	0.07%	0.06%	0.05%	0.04%	0.03%	0.02%	0.01%
4.6%	4.8%	0.08%	0.07%	0.06%	0.05%	0.04%	0.03%	0.02%	0.01%	0.01%
4.8%	5.0%	0.07%	0.06%	0.05%	0.04%	0.03%	0.02%	0.01%	0.01%	0.01%

5.0%

4.0%

&

OVER 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%

Section 2. Article 2 of Chapter 96 of the General Statutes is amended by adding a new section to read:

"§ 96-6.1. Training and reemployment contribution.

(a) Contribution. – A mandatory training and reemployment contribution is levied upon employers at a percentage rate of the amount of the employer's unemployment insurance contributions due under G.S. 96-9. The rate is the lesser of (i) twenty percent (20%) or (ii) a percentage of the unemployment insurance contributions that yields an amount that, when added to the amount of the employer's unemployment insurance contributions due for the taxable period, is no greater than five and seven-tenths percent (5.7%) of wages for employment for the taxable period. The purpose of the training and reemployment contribution is to provide funds for Department of Community College training programs, Employment Security Commission reemployment services, administration and collection of the new contribution, and other needs of the State. The training and reemployment contribution is due and payable at the time and in the same manner as the unemployment insurance contributions under G.S. 96-9. The training and reemployment contribution does not apply in a calendar year if, as of August 1 of the preceding year, the amount in the Unemployment

Insurance Fund equals or is less than eight hundred million dollars (\$800,000,000). The collection of the training and reemployment contribution, the assessment of interest and penalties on unpaid contributions under this section, the filing of judgment liens, and the enforcement of the liens for unpaid contributions under this section are governed by the provisions of G.S. 96-10 where applicable.

Training and reemployment contributions collected under this section shall be credited to the Employment Security Commission Training and Employment Account created in this section, and refunds of these contributions shall be paid from the same account. Any interest or penalties collected on unpaid contributions under this section shall be credited to the Special Employment Security Administration Fund, and any interest or penalties refunded on contributions imposed by this section shall be paid from the same Fund.

(b) Training and Employment Account. – There is created in the State treasury a special account separate and apart from all other public moneys or funds of this State, to be known as the Employment Security Commission Training and Employment Account. The State Treasurer is ex officio the treasurer and custodian of the Account and shall invest its funds in accordance with law. Any interest or other income derived from the Account shall be credited to the Account. Funds in the Account may be spent only pursuant to appropriation by the General Assembly and in accordance with the line item budget enacted by the General Assembly. The Account is subject to the provisions of the Executive Budget Act, except that no unexpended surplus of the Account shall revert to the General Fund. Funds appropriated from the Account that are unexpended and unencumbered at the end of the fiscal year for which they were appropriated shall revert to the credit of the Account in the State treasury in accordance with G.S. 143-18.

It is the intent of the General Assembly that eighty percent (80%) of the funds in the Account shall be appropriated annually to the Department of Community Colleges to be used for nonrecurring expenditures to provide worker training through improved continuing education, acquisition of modern training equipment, operation of specialized training centers, enhancement of small business center training, expansion of training for new and expanding industries, incentive grants for incumbent worker training, programs funded by the Worker Training Trust Fund, and other programs of the Department of Community Colleges. It is the intent of the General Assembly that twenty percent (20%) of the funds in the Account shall be appropriated annually to the Employment Security Commission for administration and collection of the training and reemployment contribution and for nonrecurring expenditures for reemployment services."

Section 3. G.S. 96-9(c)(4)b. reads as rewritten:

"b. Notwithstanding any other provisions of this section, if the successor employer was an employer subject to this Chapter prior to the date of acquisition of the business, ~~his~~the ~~successor's~~ rate of contribution for the period from ~~such~~that date to the end of the then current contribution year shall be the same as ~~his~~the ~~successor's~~ rate in effect on the date of ~~such~~the acquisition. If the successor was not an employer prior to the

date of the acquisition of the ~~business~~ business, the successor shall be assigned a standard rate of contribution set forth in G.S. 96-9(b)(1) for the remainder of the year in which ~~he~~ the successor acquired the business of the predecessor; however, if ~~such~~ the successor makes application for the transfer of the account within 60 days after notification by the Commission of ~~his~~ the right to do so and the account is transferred, or meets the requirements for mandatory transfer, ~~he~~ the successor shall be assigned for the remainder of ~~such~~ the year the rate applicable to the predecessor employer or employers on the date of acquisition of the business, ~~provided~~ if there was only one predecessor or if more than one and the predecessors had identical rates. In the event the rates of the predecessor were not identical, the rate of the successor shall be the highest rate applicable to any of the predecessor employers on the date of acquisition of the business.

Irrespective of any other provisions of this Chapter, when an account is transferred in its entirety by an employer to a successor, ~~the transferring employer shall thereafter pay the standard rate of contributions of two and seven tenths percent (2.7%) and shall continue to pay at such rate until he qualifies for a reduction, reacquires the account he transferred or acquires the experience rating account of another employer, or is subject to an increase in rate under the conditions prescribed in G.S. 96-9(b)(2) and (3). However, when an account is transferred in its entirety by an employer to a successor on or after January 1, 1987, the transferring employer shall thereafter pay the standard beginning rate of contributions of two and twenty five hundredths percent (2.25%) provided in G.S. 96-9(b)(1) and shall continue to pay at such that rate until he the employer qualifies for a reduction, reacquires the account he transferred or transferred, acquires the experience rating account of another employer, or is subject to an increase in rate under the conditions prescribed in G.S. 96-9(b)(2) and (3).~~"

Section 4. G.S. 96-9(b)(1) reads as rewritten:

"(b) Rate of Contributions. –

(1) Beginning Rate. – The standard beginning rate of contributions for an employer is a percentage of wages paid by the employer during a calendar year for employment occurring during that year. The rate is determined in accordance with the following table:

<u>Percentage</u>	<u>Date After Which Employment Occurs</u>
2.25%	December 31, 1986
1.8	December 31, 1993
1.2	December 31, 1995

Section 5. G.S. 96-9(b)(3) is amended by adding a new sub-subdivision to read:

"d5. 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, 1999, 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 and the fund ratio determined on that date is less than five percent (5%) and shall be reduced by sixty percent (60%) 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, and the fund ratio determined on that date is five percent (5%) or more.

EXPERIENCE RATING FORMULA

When The Credit Ratio Is:

As But
Much Less
As Than

		<u>Rate Schedules (%)</u>								
<u>As</u>	<u>But</u>	<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>
<u>0.0%</u>	<u>0.2%</u>	<u>2.16%</u>	<u>2.16%</u>	<u>2.16%</u>	<u>2.16%</u>	<u>2.00%</u>	<u>1.84%</u>	<u>1.68%</u>	<u>1.52%</u>	<u>1.36%</u>
<u>0.2%</u>	<u>0.4%</u>	<u>2.16%</u>	<u>2.16%</u>	<u>2.16%</u>	<u>2.00%</u>	<u>1.84%</u>	<u>1.68%</u>	<u>1.52%</u>	<u>1.36%</u>	<u>1.20%</u>
<u>0.4%</u>	<u>0.6%</u>	<u>2.16%</u>	<u>2.16%</u>	<u>2.00%</u>	<u>1.84%</u>	<u>1.68%</u>	<u>1.52%</u>	<u>1.36%</u>	<u>1.20%</u>	<u>1.04%</u>
<u>0.6%</u>	<u>0.8%</u>	<u>2.16%</u>	<u>2.00%</u>	<u>1.84%</u>	<u>1.68%</u>	<u>1.52%</u>	<u>1.36%</u>	<u>1.20%</u>	<u>1.04%</u>	<u>0.88%</u>
<u>0.8%</u>	<u>1.0%</u>	<u>2.00%</u>	<u>1.84%</u>	<u>1.68%</u>	<u>1.52%</u>	<u>1.36%</u>	<u>1.20%</u>	<u>1.04%</u>	<u>0.88%</u>	<u>0.72%</u>
<u>1.0%</u>	<u>1.2%</u>	<u>1.84%</u>	<u>1.68%</u>	<u>1.52%</u>	<u>1.36%</u>	<u>1.20%</u>	<u>1.04%</u>	<u>0.88%</u>	<u>0.72%</u>	<u>0.64%</u>
<u>1.2%</u>	<u>1.4%</u>	<u>1.68%</u>	<u>1.52%</u>	<u>1.36%</u>	<u>1.20%</u>	<u>1.04%</u>	<u>0.88%</u>	<u>0.72%</u>	<u>0.64%</u>	<u>0.56%</u>
<u>1.4%</u>	<u>1.6%</u>	<u>1.52%</u>	<u>1.36%</u>	<u>1.20%</u>	<u>1.04%</u>	<u>0.88%</u>	<u>0.72%</u>	<u>0.64%</u>	<u>0.56%</u>	<u>0.48%</u>
<u>1.6%</u>	<u>1.8%</u>	<u>1.36%</u>	<u>1.20%</u>	<u>1.04%</u>	<u>0.88%</u>	<u>0.72%</u>	<u>0.64%</u>	<u>0.56%</u>	<u>0.48%</u>	<u>0.40%</u>
<u>1.8%</u>	<u>2.0%</u>	<u>1.20%</u>	<u>1.04%</u>	<u>0.88%</u>	<u>0.72%</u>	<u>0.64%</u>	<u>0.56%</u>	<u>0.48%</u>	<u>0.40%</u>	<u>0.32%</u>
<u>2.0%</u>	<u>2.2%</u>	<u>1.04%</u>	<u>0.88%</u>	<u>0.72%</u>	<u>0.64%</u>	<u>0.56%</u>	<u>0.48%</u>	<u>0.40%</u>	<u>0.32%</u>	<u>0.24%</u>
<u>2.2%</u>	<u>2.4%</u>	<u>0.88%</u>	<u>0.72%</u>	<u>0.64%</u>	<u>0.56%</u>	<u>0.48%</u>	<u>0.40%</u>	<u>0.32%</u>	<u>0.24%</u>	<u>0.16%</u>
<u>2.4%</u>	<u>2.6%</u>	<u>0.72%</u>	<u>0.64%</u>	<u>0.56%</u>	<u>0.48%</u>	<u>0.40%</u>	<u>0.32%</u>	<u>0.24%</u>	<u>0.16%</u>	<u>0.12%</u>
<u>2.6%</u>	<u>2.8%</u>	<u>0.64%</u>	<u>0.56%</u>	<u>0.48%</u>	<u>0.40%</u>	<u>0.32%</u>	<u>0.24%</u>	<u>0.16%</u>	<u>0.12%</u>	<u>0.08%</u>
<u>2.8%</u>	<u>3.0%</u>	<u>0.56%</u>	<u>0.48%</u>	<u>0.40%</u>	<u>0.32%</u>	<u>0.24%</u>	<u>0.16%</u>	<u>0.12%</u>	<u>0.08%</u>	<u>0.07%</u>
<u>3.0%</u>	<u>3.2%</u>	<u>0.48%</u>	<u>0.40%</u>	<u>0.32%</u>	<u>0.24%</u>	<u>0.16%</u>	<u>0.12%</u>	<u>0.08%</u>	<u>0.07%</u>	<u>0.06%</u>
<u>3.2%</u>	<u>3.4%</u>	<u>0.40%</u>	<u>0.32%</u>	<u>0.24%</u>	<u>0.16%</u>	<u>0.12%</u>	<u>0.08%</u>	<u>0.07%</u>	<u>0.06%</u>	<u>0.06%</u>

<u>3.4%</u>	<u>3.6%</u>	<u>0.32%</u>	<u>0.24%</u>	<u>0.16%</u>	<u>0.12%</u>	<u>0.08%</u>	<u>0.07%</u>	<u>0.06%</u>	<u>0.06%</u>	<u>0.05%</u>
<u>3.6%</u>	<u>3.8%</u>	<u>0.24%</u>	<u>0.15%</u>	<u>0.12%</u>	<u>0.08%</u>	<u>0.07%</u>	<u>0.06%</u>	<u>0.06%</u>	<u>0.05%</u>	<u>0.04%</u>
<u>3.8%</u>	<u>4.0%</u>	<u>0.16%</u>	<u>0.12%</u>	<u>0.08%</u>	<u>0.07%</u>	<u>0.06%</u>	<u>0.06%</u>	<u>0.05%</u>	<u>0.04%</u>	<u>0.03%</u>
<u>4.0% &</u>										
<u>OVER</u>		<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Section 6. G.S. 96-9(b)(3)e. reads as rewritten:

"e. Each employer whose account as of any computation date occurring after August 1, 1964, shows a debit balance shall be assigned the rate of contributions appearing on the line opposite his debit ratio as set forth in the following Rate Schedule for Overdrawn Accounts:

**RATE SCHEDULE FOR OVERDRAWN ACCOUNTS
BEGINNING WITH THE CALENDAR YEAR 1978**

When the Debit Ratio Is:

<u>As Much As</u>	<u>But Less Than</u>	<u>Assigned Rate</u>
0.0%	0.3%	2.9% <u>2.3%</u>
0.3	0.6	3.1 <u>2.5</u>
0.6	0.9	3.3 <u>2.6</u>
0.9	1.2	3.5 <u>2.8</u>
1.2	1.5	3.7 <u>3.0</u>
1.5	1.8	3.9 <u>3.1</u>
1.8	2.1	4.1 <u>3.3</u>
2.1	2.4	4.3 <u>3.4</u>
2.4	2.7	4.5 <u>3.6</u>
2.7	3.0	4.7 <u>3.8</u>
3.0	3.3	4.9 <u>3.9</u>
3.3	3.6	5.1 <u>4.1</u>
3.6	3.9	5.3 <u>4.2</u>
3.9	4.2	5.5 <u>4.4</u>
4.2 and over	<u>4.5</u>	5.7 <u>4.6</u>
<u>4.5</u>	<u>4.8</u>	<u>4.8</u>
<u>4.8</u>	<u>5.1</u>	<u>5.0</u>
<u>5.1</u>	<u>5.4</u>	<u>5.2</u>
<u>5.4 and over</u>		<u>5.4</u>

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."

Section 7. Section 9.11(a) and (b) of S.L. 1999-237 read as rewritten:

"Section 9.11.(a) ~~Contingent upon enactment of House Bill 275, 1999 General Assembly, there~~ There is appropriated from the Employment Security Commission Training and Employment Account created in G.S. 96-6.1, ~~as enacted by House Bill 275, 1999 General Assembly, 96-6.1~~ to the Community Colleges System Office the sum of ~~twenty two eighteen million dollars (\$22,000,000)~~ (\$18,000,000) for the 1999-2000

fiscal year and the sum of ~~forty-eight~~ forty-eight million five hundred thousand dollars (~~\$56,500,000~~) (~~\$48,500,000~~) for the 2000-2001 fiscal year. ~~If House Bill 275, 1999 Session, provides an expenditure schedule or source of funds different from that provided in this section, then House Bill 275, 1999 Session, prevails to the extent of the conflict.~~ These funds shall be used as follows:

	<u>1999-2000</u>	<u>2000-2001</u>
1. Nonreverting Equipment, Technology, and MIS Reserve	<u>\$10,000,000</u>	<u>\$38,000,000</u>
	<u>\$12,000,000</u>	<u>\$42,500,000</u>
2. Nonreverting Start-Up Fund for Regional and Cooperative Initiatives	\$ 3,000,000	\$ 3,000,000
3. New and Expanding Industry Training Program	<u>\$ 4,000,000</u>	<u>\$5,500,000</u>
	<u>\$ 6,000,000</u>	<u>\$9,000,000</u>
4. Enhanced Focused Industrial Training Programs	\$ 1,000,000	\$ 2,000,000
TOTAL:	<u>\$18,000,000</u>	<u>\$48,500,000</u>
	<u>\$22,000,000</u>	<u>\$56,500,000</u>

Funds allocated for the Nonreverting Start-Up Fund for Regional and Cooperative Initiatives shall be used for community college projects that foster regional cooperation among community colleges, between public schools and community colleges, and between universities and community colleges.

Section 9.11.(b) ~~Contingent upon enactment of House Bill 275, 1999 General Assembly, there~~ There is appropriated from the Employment Security Commission Training and Employment Account created in G.S. ~~96-6.1, as enacted by House Bill 275, 1999 General Assembly, 96-6.1~~ to the Employment Security Commission the sum of ~~five-four~~ four million five hundred thousand dollars (~~\$5,500,000~~) (~~\$4,500,000~~) for the 1999-2000 fiscal year and the sum of ~~fourteen-twelve~~ twelve million one hundred thousand dollars (~~\$14,100,000~~) (~~\$12,100,000~~) for the 2000-2001 fiscal year for the costs of collecting and administering the new training and reemployment contribution and for enhanced reemployment services."

Section 8. Section 1 of this act is effective with respect to calendar quarters beginning on or after April 1, 1999. Section 7 of this act becomes effective July 1, 1999. The remainder of this act is effective with respect to calendar quarters beginning on or after January 1, 2000, and is repealed effective with respect to calendar quarters beginning on or after January 1, 2002.

In the General Assembly read three times and ratified this the 12th day of July, 1999.

s/ Dennis A. Wicker
President of the Senate

s/ James B. Black
Speaker of the House of Representatives

s/ James B. Hunt, Jr.
Governor

Approved 10:10 p.m. this 15th day of July, 1999