

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION

CHAPTER 17
HOUSE BILL 22

AN ACT TO REDUCE THE RATES OF UNEMPLOYMENT INSURANCE
CONTRIBUTIONS AND TO ESTABLISH THE EMPLOYMENT SECURITY
COMMISSION RESERVE FUND.

The General Assembly of North Carolina enacts:

Section 1. G.S. 96-5(c) is amended by inserting in the second sentence between "June 30, 1947" and the comma the following: "as well as any appropriations of funds by the General Assembly".

Sec. 2. G.S. 96-5 is amended by adding a new subsection to read:

"(f) Employment Security Commission Reserve Fund. – There is created in the State treasury a special trust fund, separate and apart from all other public moneys or funds of this State, to be known as the Employment Security Commission Reserve Fund, hereinafter "Reserve Fund". Except as provided herein and in G.S. 96-9(b)(3)j., all proceeds from the tax as defined in G.S. 96-9(b)(3)j. and collected pursuant to G.S. 96-10 shall be paid into the Reserve Fund. The moneys in the Reserve Fund may be used by the Commission for loans to the Unemployment Insurance Fund, as security for loans from the federal Unemployment Insurance Trust Fund, and to pay any interest required on advances under Title XII of the Social Security Act as required by G.S. 96-6(f), and shall be continuously available to the Commission for expenditure in accordance with the provisions of this section. The State Treasurer shall be ex officio the treasurer and custodian and shall invest said moneys in accordance with existing law as well as rules and regulations promulgated pursuant thereto. Furthermore, the State Treasurer shall disburse the moneys in accordance with the directions of the Commission and in accordance with such regulations as the Commission may prescribe.

Administrative costs for the collection of the tax and interest payable to the Reserve Fund shall be borne by the Special Employment Administration Fund. Refunds of interest and tax allowable under G.S. 96-9(b)(3)j. shall be made from the Reserve Fund. No taxes shall be collected or paid into this fund during a calendar year when, as of the computation date (August 1) of the preceding calendar year, the balance of the fund equals to or exceeds one percent (1%) of the taxable wages.

The interest earned from investment of the Reserve Fund moneys shall be deposited in a fund hereby established in the State Treasurer's Office, to be known as the 'Worker Training Trust Fund'. These moneys shall be used to:

- (1) fund programs, specifically for the benefit of unemployed workers or workers who have received notice of long-term layoff or permanent unemployment, which will enhance the employability of workers,

- including, but not limited to, adult basic education, adult high school or equivalency programs, occupational skills training programs, assessment, job counseling and placement programs;
- (2) continue operation of local Employment Security Commission offices throughout the State; or
- (3) provide refunds to employers.

The use of funds from the Worker Training Trust Fund, for the purposes set out in the above paragraph, shall be pursuant to appropriations in the Current Operations Appropriations Act. Funds deposited in the Worker Training Trust Fund prior to July 1, 1987, shall be used as provided in the Current Operations Appropriations Act for 1987-89."

Sec. 3. G.S. 96-9(b)(1) is amended by adding the following at the end:

"Provided that except as provided in subsection (d) hereof, each employer shall pay contributions equal to 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 employment occurring after December 31, 1986, which shall be deemed the standard beginning rate of contributions payable by each employer."

Sec. 4. G.S. 96-9(b)(3)d. is amended by adding the following paragraph and table:

"Provided that effective January 1, 1987, the Experience Rating Formula below shall be applicable and the variations from the standard beginning rate of contributions shall be determined and assigned in accordance therewith. New rates shall be assigned to eligible employers effective January 1, 1987, and each January 1 thereafter in accordance with the foregoing Fund Ratio Schedule and this Experience Rating Formula."

EXPERIENCE RATING FORMULA

WHEN THE CREDIT RATIO IS:
AS MUCH AS BUT LESS THAN

RATE SCHEDULES (%)

		A	B	C	D	E	F	G	H	I
-	0.2%	2.70	2.70	2.70	2.70	2.70	2.70	2.50	2.30	2.10
0.2%	0.4%	2.70	2.70	2.70	2.70	2.70	2.50	2.30	2.10	1.90
0.4%	0.6%	2.70	2.70	2.70	2.70	2.50	2.30	2.10	1.90	1.70
0.6%	0.8%	2.70	2.70	2.70	2.50	2.30	2.10	1.90	1.70	1.50
0.8%	1.0%	2.70	2.70	2.50	2.30	2.10	1.90	1.70	1.50	1.30
1.0%	1.2%	2.70	2.50	2.30	2.10	1.90	1.70	1.50	1.30	1.10
1.2%	1.4%	2.50	2.30	2.10	1.90	1.70	1.50	1.30	1.10	0.90
1.4%	1.6%	2.30	2.10	1.90	1.70	1.50	1.30	1.10	0.90	0.80
1.6%	1.8%	2.10	1.90	1.70	1.50	1.30	1.10	0.90	0.80	0.70
1.8%	2.0%	1.90	1.70	1.50	1.30	1.10	0.90	0.80	0.70	0.60
2.0%	2.2%	1.70	1.50	1.30	1.10	0.90	0.80	0.70	0.60	0.50

2.2%	2.4%	1.50	1.30	1.10	0.90	0.80	0.70	0.60	0.50	0.40
2.4%	2.6%	1.30	1.10	0.90	0.80	0.70	0.60	0.50	0.40	0.30
2.6%	2.8%	1.10	0.90	0.80	0.70	0.60	0.50	0.40	0.30	0.20
2.8%	3.0%	0.90	0.80	0.70	0.60	0.50	0.40	0.30	0.20	0.15
3.0%	3.2%	0.80	0.70	0.60	0.50	0.40	0.30	0.20	0.15	0.10
3.2%	3.4%	0.70	0.60	0.50	0.40	0.30	0.20	0.15	0.10	0.09
3.4%	3.6%	0.60	0.50	0.40	0.30	0.20	0.15	0.10	0.09	0.08
3.6%	3.8%	0.50	0.40	0.30	0.20	0.15	0.10	0.09	0.08	0.07
3.8%	4.0%	0.40	0.30	0.20	0.15	0.10	0.09	0.08	0.07	0.06
4.0%	4.2%	0.30	0.20	0.15	0.10	0.09	0.08	0.07	0.06	0.05
4.2%	4.4%	0.20	0.15	0.10	0.09	0.08	0.07	0.06	0.05	0.04
4.4%	4.6%	0.15	0.10	0.09	0.08	0.07	0.06	0.05	0.04	0.03
4.6%	4.8%	0.10	0.09	0.08	0.07	0.06	0.05	0.04	0.03	0.02
4.8%	5.0%	0.09	0.08	0.07	0.06	0.05	0.04	0.03	0.02	0.01
5.0%	5.2%	0.08	0.07	0.06	0.05	0.04	0.03	0.02	0.01	0.01
5.2%	5.4%	0.07	0.06	0.05	0.04	0.03	0.02	0.01	0.01	0.01
5.4%	5.6%	0.06	0.05	0.04	0.03	0.02	0.01	0.01	0.01	0.01
5.6%	5.8%	0.05	0.04	0.03	0.02	0.01	0.01	0.01	0.01	0.01
5.8%	6.0%	0.04	0.03	0.02	0.01	0.01	0.01	0.01	0.01	0.01
6.0%	6.2%	0.03	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01
6.2%	6.4%	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
6.4%	& Over	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

Sec. 5. G.S. 96-9(b)(3)i. is hereby repealed.

Sec. 6. G.S. 96-9(b)(3) is amended by adding a new subsection to read:

"j. Effective January 1, 1987, a tax shall be and is hereby imposed upon the contributions and shall be due and payable at the time and in the same manner as the contributions. For each quarter during calendar year 1987 and each calendar year thereafter, if the Reserve Fund is less than one percent (1%) of the taxable wages as determined on the computation date (August 1) of the preceding calendar year, the standard beginning tax rate and the tax rate assigned to any employer subject to either the experience rating formula table in G.S. 96-9(b)(3)d. or the rate schedule for Overdrawn Accounts in G.S. 96-9(b)(3)e. shall be twenty percent (20%) of the contributions due and payable. The collection of this tax, assessment of interest and penalty on unpaid taxes, filing of judgment liens, and enforcement of said liens for unpaid taxes shall be governed by the provisions of G.S. 96-10 where applicable. Any interest and penalties collected pursuant to this subsection shall be paid into the Special Employment Security Administration Fund, and any interest or penalties refunded under this subsection shall be paid out of the Special Employment Security Administration Fund. Except as to taxes unpaid on the date on which they are due and payable, this tax shall not be collectible for any calendar year, if, as of the computation date (August 1) of the preceding year, the balance of the Employment Security Commission Reserve Fund equals to or exceeds one percent (1%) of the taxable wages."

Sec. 7. G.S. 96-9(c)(4)b. is amended by adding the following at the end:

"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%) 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)."

Sec. 8. G.S. 96-12(b)(2) is hereby amended by rewriting the second sentence to provide as follows:

"Effective August 1, 1987, the maximum weekly benefit amount shall be computed as sixty-three percent (63%) of the average weekly insured wage. Thereafter, beginning August 1, 1988, the maximum weekly benefit amount shall be computed as sixty-six and two-thirds percent (66 2/3%) of the average weekly insured wage."

Sec. 9. If this act is ratified prior to March 17, 1987, it shall become effective January 1, 1987; if it is ratified on or after March 17, 1987, it shall become effective January 1, 1988.

In the General Assembly read three times and ratified this the 16th day of March, 1987.