

GENERAL ASSEMBLY OF NORTH CAROLINA
EXTRA SESSION 1994

CHAPTER 10
SENATE BILL 151

AN ACT TO REDUCE THE UNEMPLOYMENT INSURANCE TAX RATE.

The General Assembly of North Carolina enacts:

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

"(1) ~~Except as provided in subsection (d) hereof, each employer shall pay contributions with respect to employment during any calendar year prior to January 1, 1955, as required by this Chapter prior to such January 1, 1955, and each employer shall pay contributions equal to two and seven tenths percent (2.7%) of wages paid by him during the calendar year 1955 and each year thereafter with respect to employment occurring after December 31, 1954, which shall be deemed the standard rate of contributions payable by each employer except as provided herein. 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.~~ 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:

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

Sec. 2. G.S. 96-9(b)(3) reads as rewritten:

"(3) a. through c. Repealed by Session Laws 1977, c. 727, s. 39.
d. Rate schedule A,B,C,D,E,F,G,H, or I appearing on the line opposite the fund ratio in the following Fund Ratio Schedules table shall be applicable in determining and assigning each eligible employer's contribution rate for the calendar year immediately following the computation date. The fund ratio is the total amount available for benefits in the Unemployment Insurance Fund on the computation date divided by the total amount of the taxable payroll of all subject employers for the

12-month period ending June 30 preceding the computation date.

FUND RATIO SCHEDULES

<u>When the Fund Ratio Is:</u>		<u>Applicable</u>
<u>As Much As</u>	<u>But Less Than</u>	<u>Schedule</u>
—	2.5%	A
2.5%	3.5%	B
3.5%	4.5%	C
4.5%	5.5%	D
5.5%	6.5%	E
6.5%	7.5%	F
7.5%	8.5%	G
8.5%	9.5%	H
9.5% and in excess thereof		I

FUND RATIO SCHEDULES

<u>When the Fund Ratio Is:</u>		<u>Applicable</u>
<u>As Much As</u>	<u>But Less Than</u>	<u>Schedule</u>
—	2.0%	A
2.0%	3.0%	B
3.0%	4.0%	C
4.0%	5.0%	D
5.0%	6.0%	E
6.0%	7.0%	F
7.0%	8.0%	G
8.0%	9.0%	H
9.0% and in excess thereof		I

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

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

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:

<u>As</u>	<u>But</u>	<u>Rate Schedules (%)</u>								
<u>Much</u>	<u>Less</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>As</u>	<u>Than</u>									
0.0%	0.2%	2.70	2.70	2.70	2.70	2.70	2.50	2.30	2.10	1.90
0.2%	0.4%	2.70	2.70	2.70	2.70	2.50	2.30	2.10	1.90	1.70
0.4%	0.6%	2.70	2.70	2.70	2.50	2.30	2.10	1.90	1.70	1.50
0.6%	0.8%	2.70	2.70	2.50	2.30	2.10	1.90	1.70	1.50	1.30
0.8%	1.0%	2.70	2.50	2.30	2.10	1.90	1.70	1.50	1.30	1.10
1.0%	1.2%	2.50	2.30	2.10	1.90	1.70	1.50	1.30	1.10	0.90
1.2%	1.4%	2.30	2.10	1.90	1.70	1.50	1.30	1.10	0.90	0.80
1.4%	1.6%	2.10	1.90	1.70	1.50	1.30	1.10	0.90	0.80	0.70
1.6%	1.8%	1.90	1.70	1.50	1.30	1.10	0.90	0.80	0.70	0.60
1.8%	2.0%	1.70	1.50	1.30	1.10	0.90	0.80	0.70	0.60	0.50
2.0%	2.2%	1.50	1.30	1.10	0.90	0.80	0.70	0.60	0.50	0.40
2.2%	2.4%	1.30	1.10	0.90	0.80	0.70	0.60	0.50	0.40	0.30
2.4%	2.6%	1.10	0.90	0.80	0.70	0.60	0.50	0.40	0.30	0.20
2.6%	2.8%	0.90	0.80	0.70	0.60	0.50	0.40	0.30	0.20	0.15
2.8%	3.0%	0.80	0.70	0.60	0.50	0.40	0.30	0.20	0.15	0.10
3.0%	3.2%	0.70	0.60	0.50	0.40	0.30	0.20	0.15	0.10	1.09
3.2%	3.4%	0.60	0.50	0.40	0.30	0.20	0.15	0.10	0.09	0.08
3.4%	3.6%	0.50	0.40	0.30	0.20	0.15	0.10	0.09	0.08	0.07
3.6%	3.8%	0.40	0.30	0.20	0.15	0.10	0.09	0.08	0.07	0.06
3.8%	4.0%	0.30	0.20	0.15	0.10	0.09	0.08	0.07	0.06	0.05
4.0%	4.2%	0.20	0.15	0.10	0.09	0.08	0.07	0.06	0.05	0.04
4.2%	4.4%	0.15	0.10	0.09	0.08	0.07	0.06	0.05	0.04	0.03
4.4%	4.6%	0.10	0.09	0.08	0.07	0.06	0.05	0.04	0.03	0.02
4.6%	4.8%	0.09	0.08	0.07	0.06	0.05	0.04	0.03	0.02	0.01
4.8%	5.0%	0.08	0.07	0.06	0.05	0.04	0.03	0.02	0.01	0.01
5.0%	5.2%	0.07	0.06	0.05	0.04	0.03	0.02	0.01	0.01	0.01
5.2%	5.4%	0.06	0.05	0.04	0.03	0.02	0.01	0.01	0.01	0.01
5.4%	5.6%	0.05	0.04	0.03	0.02	0.01	0.01	0.01	0.01	0.01
5.6%	5.8%	0.04	0.03	0.02	0.01	0.01	0.01	0.01	0.01	0.01

<u>5.8%</u>	<u>6.0%</u>	<u>0.03</u>	<u>0.02</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>
<u>6.0%</u>	<u>6.2%</u>	<u>0.02</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>
<u>6.2% &</u>										
<u>Over</u>		<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>

- 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:		
As Much As	But Less Than	Assigned Rate
0.0%	0.3%	2.9%
0.3	0.6	3.1
0.6	0.9	3.3
0.9	1.2	3.5
1.2	1.5	3.7
1.5	1.8	3.9
1.8	2.1	4.1
2.1	2.4	4.3
2.4	2.7	4.5
2.7	3.0	4.7
3.0	3.3	4.9
3.3	3.6	5.1
3.6	3.9	5.3
3.9	4.2	5.5
4.2 and over		5.7

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.
- g. Any employer may at any time make a voluntary contribution, 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 previous July 31. Provided, however, 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 subject to increases but not to reduction, on the basis of subsequently ascertained information.
- i. Repealed by Session Laws 1987, c. 17, s. 5.
- j. A tax is imposed upon contributions at the rate of twenty percent (20%) of the amount of contributions due. The tax is due and payable at the time and in the same manner as the 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 equals or exceeds one hundred sixty-three million three hundred forty-nine thousand dollars (\$163,349,000), which is one percent (1%) of taxable wages for calendar year 1984. The collection of this tax, the assessment of interest and penalties on unpaid taxes, the filing of judgment liens, and the enforcement of the liens for unpaid taxes is governed by the provisions of G.S. 96-10 where applicable. Taxes collected under this subpart shall be credited to the Employment Security Commission Reserve Fund, and refunds of the taxes shall be paid from the same Fund. Any interest or penalties collected on

unpaid taxes shall be credited to the Special Employment Security Administration Fund, and any interest or penalties refunded on taxes imposed by this subpart shall be paid from the same Fund."

Sec. 3. G.S. 96-9(b)(3)d1. is repealed.

Sec. 4. Section 3 of this act becomes effective January 1, 1997. The remainder of this act is effective upon ratification and applies to quarters beginning on or after January 1, 1994.

In the General Assembly read three times and ratified this the 10th day of March, 1994.

Marc Basnight
President Pro Tempore of the Senate

Daniel Blue, Jr.
Speaker of the House of Representatives