

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

**BILL NUMBER:** SB 180

**SHORT TITLE:** ESC Annual Reports

**SPONSOR(S):** Finance Committee Substitute

**FISCAL IMPACT:**   **Expenditures:**    **Increase ( )**        **Decrease ( )**  
                  **Revenues:**           **Increase ( )**        **Decrease (X)**  
                  **No Impact ( )**  
                  **No Estimate Available ( )**

**FUND AFFECTED:** **General Fund ( )**   **Highway Fund ( )**   **Local Govt. ( )**  
                          **Other Funds (X)** **Unemployment Insurance Fund**

**BILL SUMMARY:** The bill would 1) increase the minimum employer payment for unemployment insurance from \$1.00 to \$5.00 and would allow certain employers to file reports annually rather than quarterly; and 2) provide that if the balance in the Unemployment Insurance Fund is at least \$800 million and is 5% or more of taxable wages on the annual computation date (August 1), the unemployment insurance tax rate would be reduced by 20% for all employers with a positive rating in their account balance.

**EFFECTIVE DATE:** Upon ratification.

**FISCAL IMPACT**

95-96            96-97            97-98            98-99            99-00

**REVENUES:**

**UNEMPLOYMENT**

**INSURANCE FUND**

Loss of \$560 to \$224,000 annually

**ASSUMPTIONS AND METHODOLOGY:** (1) The Employment Security Commission (ESC) reports that approximately 14,000 employers currently make quarterly payments of between \$1.00 and \$5.00. Each employer in this category would pay between \$0.01 and \$4.00 less each quarter, or between \$0.04 and \$16.00 less each year. Multiplying this range by the number of employers affected produces the range of revenue loss shown above. (2) Based on current projections of Fund balances by ESC (reviewed by FRD), it is assumed that the contingency tax cut will not be invoked during the next five years.

**FISCAL RESEARCH DIVISION**

**733-4910**

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**DATE:**

**[FRD#001]**

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Fiscal Research Division  
Publication**



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