

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: Senate Bill 741 (Second Edition)

SHORT TITLE: Eliminate UI Waiting Period.

SPONSOR(S): Senator Clodfelter

FISCAL IMPACT					
	Yes (X)	No ( )	No Estimate Available ( )		
	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>
<b>EXPENDITURES</b>					
General Fund	\$0	\$0	\$0	\$0	\$0
UI Fund	\$52,411,048	\$55,346,067	\$58,611,485	\$62,069,562	\$65,607,528
<b>POSITIONS (cumulative):0</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Employment Security Commission					
<b>EFFECTIVE DATE:</b> When the bill becomes law.					

BILL SUMMARY:

Enacts new GS 96-13(c2) eliminating the waiting period for certain claimants with respect to totally separated claims filed on or after January 1, 2008. Section 2 amends GS 96-9(d) (benefits for employees of nonprofits) as follows: (1) deletes language in subdivision (1)d. providing a conditional exemption from payments in lieu of contributions for certain employers who change to a reimbursement basis and (2) deletes language in subdivision (2)d. providing a refund of any excess credit balance in the employer's account and of the entire credit balance if the employer terminates coverage or changes from a reimbursement basis to a contribution basis. Amends GS 96-9(i) (Indian Tribes) as follows: (1) deletes language in subdivision (1)d. providing a conditional exemption from payments by reimbursement in lieu of contributions for certain employing units and (2) deletes language in subdivision (2)d. providing a refund of any excess credit balance in the employing unit's account and of the entire credit balance if the employing unit terminates coverage or changes from a reimbursement basis to a contribution basis

Source: Bill Digest S.B. 741 (03/13/0200).

**ASSUMPTIONS AND METHODOLOGY:**

Current law requires a waiting period of one week before unemployment insurance claims are paid. Section 1 of S.B. 741 would eliminate that waiting period for claimants receiving benefits for five consecutive compensable weeks. Unemployment Insurance (UI) benefits are paid from the Unemployment Insurance Fund. Therefore, this bill has no impact on General Fund appropriations; however, there will be a cost to the UI Fund. In calendar year 2006, 193,959 people filed for five consecutive weeks of UI benefits. The average UI check for that same period was \$256.13. If this law had been in effect during that time an additional \$49,678,719 would have been paid out of the UI Fund ( $193,959 \times \$256.13 = \$49,678,718.67$ ). To estimate the cost to the UI Fund for the next five years, standard salary and wage inflationary rates were applied to that amount.

**SOURCES OF DATA:** Employment Security Commission

**TECHNICAL CONSIDERATIONS:** None

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**DATE:** June 15, 2007



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