

GENERAL ASSEMBLY OF NORTH CAROLINA

EXTRA SESSION 1991

S

1

SENATE BILL 4\*

Short Title: Lower ESC Reserve Fund Cap.

(Public)

---

Sponsors: Senators Royall and Bryan.

---

Referred to: Finance.

---

December 30, 1991

A BILL TO BE ENTITLED

1 AN ACT TO LOWER THE EMPLOYMENT SECURITY COMMISSION RESERVE  
2 FUND THRESHOLD, THEREBY ELIMINATING UNNECESSARY  
3 ACCUMULATIONS IN THE RESERVE FUND AND PROVIDING RELIEF TO  
4 EMPLOYERS.  
5

6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 96-5(f) reads as rewritten:

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

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

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

- 10 (1) Fund programs, specifically for the benefit of unemployed workers or  
11 workers who have received notice of long-term layoff or permanent  
12 unemployment, which will enhance the employability of workers,  
13 including, but not limited to, adult basic education, adult high school  
14 or equivalency programs, occupational skills training programs,  
15 assessment, job counseling and placement programs;
- 16 (2) Continue operation of local Employment Security Commission offices  
17 throughout the State; or
- 18 (3) Provide refunds to employers.

19 The use of funds from the Worker Training Trust Fund, for the purposes set out in  
20 the above paragraph, shall be pursuant to appropriations in the Current Operations  
21 Appropriations Act. ~~Funds deposited in the Worker Training Trust Fund prior to July 1,~~  
22 ~~1987, shall be used as provided in the Current Operations Appropriations Act for 1987-89.~~  
23 Funds appropriated from the Worker Training Trust Fund that are unexpended and  
24 unencumbered at the end of the fiscal year for which they are appropriated shall revert  
25 to the State treasury to the credit of the Worker Training Trust Fund in accordance with  
26 G.S. 143-18."

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

28 "j. ~~Effective January 1, 1987, a~~ A tax shall be and is hereby imposed  
29 upon the contributions and shall be at the rate of twenty percent  
30 (20%) of the amount of contributions due. The tax is due and  
31 payable at the time and in the same manner as the contributions.  
32 ~~For each quarter during calendar year 1987 and each calendar year~~  
33 ~~thereafter, if~~ The tax does not apply in a calendar year if, as of  
34 August 1 of the preceding year, the amount in the Reserve Fund  
35 is less than one percent (1%) of the taxable wages as determined on  
36 the computation date (August 1) of the preceding calendar year, the  
37 standard beginning tax rate and the tax rate assigned to any employer  
38 subject to either the experience rating formula table in G.S. 96-  
39 9(b)(3)d or the rate schedule for Overdrawn Accounts in G.S. 96-  
40 9(b)(3)e shall be twenty percent (20%) of the contributions due and  
41 payable equals or exceeds one hundred sixty-three million three  
42 hundred forty-nine thousand dollars (\$163,349,000), which is  
43 one percent (1%) of taxable wages for calendar year 1984. The  
44 collection of this tax, the assessment of interest and penalty  
45 penalties on unpaid taxes, the filing of judgment liens, and the

1 enforcement of ~~said~~ the liens for unpaid taxes ~~shall be~~ is  
2 governed by the provisions of G.S. 96-10 where applicable.  
3 Taxes collected under this subpart shall be credited to the  
4 Employment Security Commission Reserve Fund, and refunds  
5 of the taxes shall be paid from the same Fund. Any interest and  
6 or penalties collected pursuant to this subsection on unpaid taxes  
7 shall be paid into credited to the Special Employment Security  
8 Administration Fund, and any interest or penalties refunded  
9 under this subsection on taxes imposed by this subpart shall be  
10 paid from the same Fund. out of the Special Employment Security  
11 Administration Fund. Except as to taxes unpaid on the date on which  
12 they are due and payable, this tax shall not be collectible for any  
13 calendar year, if, as of the computation date (August 1) of the  
14 preceding year, the balance of the Employment Security Commission  
15 Reserve Fund equals to or exceeds one percent (1%) of the taxable  
16 wages."

17 Sec. 3. This act is effective for taxes imposed for calendar years beginning  
18 on or after January 1, 1992. This act does not affect the date set in G.S. 96-9(c)(3) by  
19 which an employer must file an application for review or redetermination of the  
20 employer's rate of contributions for the 1992 calendar year.