

GENERAL ASSEMBLY OF NORTH CAROLINA  
EXTRA SESSION 1991

CHAPTER 6  
SENATE BILL 4

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

The General Assembly of North Carolina enacts:

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

"(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 part of the proceeds from the tax as defined on contributions imposed in G.S. 96-9(b)(3)j and collected pursuant to G.S. 96-10 shall be paid into credited to the Reserve Fund. Fund, as specified in that statute.~~ 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), Act,~~ 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 Security 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.~~ Funds appropriated from the Worker Training Trust Fund that are unexpended and unencumbered at the end of the fiscal year for which they are appropriated shall revert to the State treasury to the credit of the Worker Training Trust Fund in accordance with G.S. 143-18."

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

"j. ~~Effective January 1, 1987, a~~ A tax shall be and is hereby imposed upon the contributions and shall be 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. For each quarter during calendar year 1987 and each calendar year thereafter, if ~~The tax does not apply in a calendar year if, as of August 1 of the preceding year, the amount in 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.~~ 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 penalty penalties on unpaid taxes, the filing of judgment liens, and the enforcement of said the liens for unpaid taxes shall be 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 and or penalties collected pursuant to this subsection on unpaid taxes shall be paid into credited to the Special Employment Security Administration Fund, and any interest or penalties refunded under this subsection on taxes imposed by this subpart shall be paid from the same Fund. 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. 3. This act is effective for taxes imposed for calendar years beginning on or after January 1, 1992. This act does not affect the date set in G.S. 96-9(c)(3) by which an employer must file an application for review or redetermination of the employer's rate of contributions for the 1992 calendar year.

In the General Assembly read three times and ratified this the 24th day of January, 1992.

James C. Gardner  
President of the Senate

Daniel Blue, Jr.  
Speaker of the House of Representatives