

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

Legislative Fiscal Note

BILL NUMBER: House Bill 676 (First Edition)

SHORT TITLE: UI/Implement EB Three-Year Look Back.

SPONSOR(S): Representative Wainwright

<b>FISCAL IMPACT</b>					
	<b>Yes ( )</b>	<b>No (x)</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2011-12</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2013-14</u></b>	<b><u>FY 2014-15</u></b>	<b><u>FY 2015-16</u></b>
<b>REVENUES</b>					
<b>EXPENDITURES</b>					<b>No State Impact</b>
<b>POSITIONS (cumulative):</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Employment Security Commission					
<b>EFFECTIVE DATE:</b> When the bill becomes law					

**BILL SUMMARY:**

HB 676 amends GS 96-12.01(a1)(4)c. (regarding benefits for weeks of unemployment in North Carolina) and GS 96-12.01(a1)(4)e. (regarding the total extended benefit amount) as the title indicates. The bill adds a new sub-sub-subdivision to GS 96-12.01(a1)(4)c. to provide that the section applies as provided under the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Job Creation Act) as the Act existed on December 17, 2010, and applies to compensation for weeks of unemployment beginning after December 17, 2010, and ending on or before December 31, 2011, providing that statistical data regarding (1) the average rate of insured unemployment, not seasonally adjusted, or total unemployment, seasonally adjusted, as determined by the U.S. Secretary of Labor and (2) the average rate of total unemployment in North Carolina, seasonally adjusted, as determined by the U.S. Secretary of Labor, meets the specified criteria.

The bill also adds a new sub-sub-subdivision to GS 96-12.01(a1)(4)e. to provide that the subdivision applies as provided under the Job Creation Act as the Act existed on December 17, 2010, and applies to compensation for weeks of unemployment beginning after December 17, 2010, and ending on or before December 31, 2011, providing that statistical data regarding (1) the

average rate of total unemployment, seasonally adjusted, as determined by the U.S. Secretary of Labor and (2) the average rate of total unemployment in this state, seasonally adjusted, as determined by the U.S. Secretary of Labor, meets the specified criteria.

The bill expires January 1, 2012.

Source: Bill Digest

**BACKGROUND:**

HB 676 will change the time period (the look back) for calculating whether or not the “trigger” for Extended Benefits (EB) is on or off. EB are typically the last 20 weeks of benefits (weeks 79 through 99), after all the federal extensions and tiers have been exhausted. Under permanent EB law, in order for a state to pay EB, the unemployment rates in a state must exceed certain percentages to establish an EB period and remain at certain elevated levels to continue the payment of EB. To determine if unemployment levels remain sufficiently high to maintain the payment of EB, the EB law requires a comparison of unemployment rates during designated periods in the previous two years. This bill would change that to a three year look back – to pre-recession times.

**ASSUMPTIONS AND METHODOLOGY:**

Typically, EB is paid 50/50 State and federal. However, as part of the Federal Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 and other stimulus measures, the federal government is paying for 100% of EB through the end of 2011. HB 676 is set to expire (per section 3) on January 1, 2012. Moreover, on page 1, line 16 and page 2, line 38, it’s clear that it would apply to benefits paid that end on or before December 31, 2011. Thus, HB 676 would only change the triggers for EB through 2011, and the federal government is paying for EB through that time. Thus, there will be no fiscal impact to the State as a result of this bill.

**SOURCES OF DATA:** Employment Security Commission, US Department of Labor

**TECHNICAL CONSIDERATIONS:** None

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