

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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SENATE BILL 420
PROPOSED COMMITTEE SUBSTITUTE S420-PCS75312-RB-8

Short Title: UI/Clarify Required Contributions.

(Public)

Sponsors:

Referred to:

March 27, 2013

1 A BILL TO BE ENTITLED
2 AN ACT TO CLARIFY THE EMPLOYMENT SECURITY LAWS RELATING TO
3 REQUIRED CONTRIBUTIONS.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 96-9.2, as enacted by S.L. 2013-2, reads as rewritten:

6 "**§ 96-9.2. Required contributions to the Unemployment Insurance Fund.**

7 (a) Required Contribution. – An employer is required to make a contribution in each
8 calendar year to the Unemployment Insurance Fund in an amount equal to the applicable
9 percentage of the taxable wages the employer pays its employees during the year for services
10 performed in this State. Taxable wages are determined in accordance with G.S. 96-9.3. An
11 employer may not deduct the contributions due in whole or in part from the remuneration of the
12 individuals employed.

13 The applicable percentage for an employer is considered the employer's contribution ~~rate~~
14 ~~and is determined by the employer's base rate and the balance in the Unemployment Insurance~~
15 ~~Fund as of the computation date.~~ rate. An experience rate is determined by the following:

16 (1) The balance in the Unemployment Trust Fund as of the computation date,
17 expressed as a percentage of total insured wages. "Total insured wages" are
18 the total wages reported by all insured employers for the 12-month period
19 ending on July 31 preceding the computation date.

20 (2) The employer's experience rating. Taxable wages are determined in
21 accordance with G.S. 96-9.3. An employer's base rate is either the standard
22 beginning rate or an experience rating. An employer's experience rating is
23 computed as a an experience reserve ratio in accordance with G.S. 96-9.4.
24 An employer's reserve ratio percentage (ERRP) is the employer's reserve
25 ratio multiplied by sixty-eight hundredths. A positive ERRP produces a
26 lower contribution rate, and a negative ERRP produces a higher contribution
27 rate.

28 (b) Standard Beginning Rate. – The standard beginning rate is one percent (1%). The
29 standard beginning rate applies to an employer until the employer's account has been
30 chargeable with benefits for at least 12 calendar months ending July 31 immediately preceding
31 the computation date. An employer's account has been chargeable with benefits for at least 12
32 calendar months if the employer has reported wages paid in four completed calendar quarters
33 and these quarters are in two consecutive calendar years.

34 (c) ~~Contribution~~ Experience Rate. – The contribution rate for ~~an employer experienced~~
35 rated employers is determined in accordance with the table set out below and then rounded to
36 the nearest one-hundredth percent (0.01%), subject to the minimum and maximum contribution



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1 rates. The minimum contribution rate is six-hundredths of one percent (0.06%). The maximum
 2 contribution rate is five and seventy-six hundredths percent (5.76%). ~~"Total insured wages" are~~
 3 ~~the total wages reported by all insured employers for the 12-month period ending on July 31~~
 4 ~~preceding the computation date.~~

Employer's Base Rate	UI Trust Fund Balance as Percentage of Total Insured Wages	Contribution Rate
8 Standard Beginning Rate	All balances	1%
9 Experience Rating	Less than or equal to 1%	2.9% minus ERRP
	Greater than 1% but less than or equal to 1.25%	2.4% minus ERRP
	Greater than 1.25%	1.9% minus ERRP

<u>Unemployment Trust Fund Balance as Percentage of Total Insured Wages</u>	<u>Contribution Rate</u>
15 <u>Less than or equal to 1%</u>	<u>2.9% minus ERRP</u>
16 <u>Greater than 1% but less than or equal to 1.25%</u>	<u>2.4% minus ERRP</u>
17 <u>Greater than 1.25%</u>	<u>1.9% minus ERRP</u>

18 (d) Notification of Contribution Rate. – The Division must notify an employer of the
 19 employer's contribution rate for a calendar year by January 1 of that year. The contribution rate
 20 becomes final unless the employer files an application for review and redetermination prior to
 21 May 1 following the effective date of the contribution rate. The Division may redetermine the
 22 contribution rate on its own motion within the same time period.

23 (e) Voluntary Contribution. – An employer that is subject to this section may make a
 24 voluntary contribution to the Unemployment Insurance Fund in addition to its required
 25 contribution. A voluntary contribution is credited to the employer's account. A voluntary
 26 contribution made by an employer within 30 days after the date on an annual notice of its
 27 contribution rate is considered to have been made as of the previous July 31."

28 **SECTION 2.** This act is effective when it becomes law.