

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR

PAT McCrory
GOVERNOR

June 24, 2014

GOVERNOR'S OBJECTIONS AND VETO MESSAGE

House Bill 1069, "An act to amend the unemployment insurance laws, as recommended by the Joint Legislative Oversight Committee on Unemployment Insurance."

After reviewing House Bill 1069, I have determined a veto is the proper course of action.

Although the vast majority of this bill contains much needed revisions to unemployment insurance laws, there are unacceptable provisions which stagger and shorten terms of current lawfully seated members. I appointed these members following a previous legislative directive that did not require confirmation for initial appointees.

The three qualified, capable, and bipartisan appointees by all accounts have performed well.

I look forward to working with House and Senate leaders to help craft a new bill which addresses our concerns while also improving employment policies.

Therefore, I veto the bill.


Pat McCrory

This bill, having been vetoed, is returned to the Clerk of the North Carolina House of Representatives on this 24th day of June 2014 at 1:32 PM for reconsideration of that body.

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Referred to Rules

RECEIVED

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GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

06-24-14 A08:38 IN

HOUSE BILL 1069
RATIFIED BILL

AN ACT TO AMEND THE UNEMPLOYMENT INSURANCE LAWS, AS RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON UNEMPLOYMENT INSURANCE.

Whereas, the confidentiality of unemployment insurance information is governed by federal regulations at 20 C.F.R. Part 603; and

Whereas, the United States Department of Labor has notified the State that certain practices of the Department of Commerce, Division of Employment Security, are not in compliance with federal confidentiality requirements; and

Whereas, this lack of compliance could jeopardize the State's Title III grant funding and affect the federal Unemployment Tax Act tax rate of the State's employers; and

Whereas, the United States Department of Labor recommends that the General Assembly adopt legislation to ensure the State's compliance with federal law and regulations; Now, therefore,

The General Assembly of North Carolina enacts:

PART I: CONFIDENTIALITY OF UI INFORMATION

SECTION 1.1.(a) G.S. 96-4(x) reads as rewritten:

"(x) Confidentiality of Records, Reports, and Information Obtained from Claimants, Employers, and Units of Government. – ~~Disclosure~~ For purposes of this Chapter, the term "confidential information" means any unemployment compensation information in the records of the Division of Employment Security that pertains to the administration of the Employment Security Law that is required to be kept confidential under 20 C.F.R. Part 603, including claim information and any information that reveals the name or any identifying particular about any individual or any past or present employer or employing unit, or that could foreseeably be combined with other publicly available information to reveal any such particulars.

Confidential information is exempt from the public records disclosure requirements of Chapter 132 of the General Statutes. Confidential information may be disclosed only as permitted in this subsection. Any disclosure and redisclosure of confidential information shall must be consistent with 20 C.F.R. Part 603 and any written guidance promulgated and issued by the U.S. Department of Labor consistent with this regulation and any successor regulation. To the extent a disclosure or redisclosure of confidential information is permitted or required by this federal regulation, the Department's authority to disclose or redisclosure the information includes the following:

- (1) Confidentiality of Information Contained in Records and Reports. – (i) Except as hereinafter otherwise provided, it shall be unlawful for any person to obtain, disclose, or use, or to authorize or permit the use of any information which is obtained from an employer, individual, or unit of government pursuant to the administration of this Chapter or G.S. 108A-29. (ii) Any claimant or employer or their legal representatives shall be supplied with information from the records of the Division to the extent necessary for the proper presentation of claims or defenses in any proceeding under this Chapter. Notwithstanding any other provision of law, any claimant may be supplied, subject to restrictions as the Division may by regulation prescribe, with any information contained in his payment record or on his most recent monetary determination, and any individual, as well as any interested



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employer, may be supplied with information as to the individual's potential benefit rights from claim records. (iii) Subject to restrictions as the Secretary may by regulation provide, information from the records of the Division may be made available to any agency or public official for any purpose for which disclosure is required by statute or regulation. (iv) The Division may, in its sole discretion, permit the use of information in its possession by public officials in the performance of their public duties. (v) The Division shall release the payment and the amount of unemployment compensation benefits upon receipt of a subpoena in a proceeding involving child support. (vi) The Division shall furnish to the State Controller any information the State Controller needs to prepare and publish a comprehensive annual financial report of the State or to track debtors of the State. (vii) The Secretary may disclose or authorize redisclosure of any confidential information to an individual, agency, or entity, public or private, consistent with the requirements enumerated in 20 C.F.R. Part 603 or any successor regulation and any written guidance promulgated and issued by the U.S. Department of Labor consistent with 20 C.F.R. Part 603. (viii) The Division may disclose final decisions and the records of the hearings that led to those decisions only after the expiration of the appeal rights as provided under G.S. 96-15.

...."
SECTION 1.1.(b) G.S. 132-1.1 is amended by adding a new subsection to read:

"(h) Employment Security Information. – Confidential information obtained, compiled, or maintained by the Division of Employment Security may not be disclosed except as provided in G.S. 96-4. As used in this subsection, the term "confidential information" has the same meaning as in G.S. 96-4(x)."

SECTION 1.1.(c) The Department of Commerce, Division of Employment Security, shall immediately take any action necessary to implement this Part. On or before September 1, 2014, the Division of Employment Security shall report to the Joint Legislative Oversight Committee on Unemployment Insurance on the status of the implementation of this Part."

PART II: AUTHORIZING DMV TO DISCLOSE SOCIAL SECURITY NUMBERS; REQUIRING UI CLAIMANTS TO CONTACT FIVE POTENTIAL EMPLOYERS PER WEEK; AND ELIMINATING THE PROCEDURE TO REQUEST RECONSIDERATION OF DECISIONS.

SECTION 2.1. G.S. 20-7(b2) reads as rewritten:

"(b2) Disclosure of Social Security Number. – The social security number of an applicant is not a public record. The Division may not disclose an applicant's social security number except as allowed under federal law. A violation of the disclosure restrictions is punishable as provided in 42 U.S.C. § 408, and amendments to that law.

In accordance with 42 U.S.C. 405 and 42 U.S.C. 666, and amendments thereto, the Division may disclose a social security number obtained under subsection (b1) of this section only as follows:

- (1) For the purpose of administering the drivers license laws.
- (2) To the Department of Health and Human Services, Child Support Enforcement Program for the purpose of establishing paternity or child support or enforcing a child support order.
- (3) To the Department of Revenue for the purpose of verifying taxpayer identity.
- (4) To the Office of Indigent Defense Services of the Judicial Department for the purpose of verifying the identity of a represented client and enforcing a court order to pay for the legal services rendered.
- (5) To each county jury commission for the purpose of verifying the identity of deceased persons whose names should be removed from jury lists.
- (6) To the Office of the State Controller for the purposes of G.S. 143B-426.38A.
- (7) To the Department of Commerce, Division of Employment Security, for the purpose of verifying employer and claimant identity."

SECTION 2.2.(a) G.S. 96-9.2(c) reads as rewritten:

"(c) Contribution Rate for Experience-Rated Employer. – The contribution rate for an experience-rated employer who does not qualify as a beginning employer under subsection (b) of this section is determined in accordance with the table set out below and then rounded to the nearest one-hundredth percent (0.01%), subject to the minimum and maximum contribution rates. The minimum contribution rate is six-hundredths of one percent (0.06%). The maximum contribution rate is five and seventy-six hundredths percent (5.76%). "Total insured wages" are the total wages reported by all insured employers for the 12-month period ending on ~~July 31~~ June 30 preceding the computation date. An employer's experience rating is computed as a reserve ratio in accordance with G.S. 96-9.4. An employer's reserve ratio percentage (ERRP) is the employer's reserve ratio multiplied by sixty-eight hundredths. A positive ERRP produces a lower contribution rate, and a negative ERRP produces a higher contribution rate.

...."

SECTION 2.2.(b) This section is effective when it becomes law and applies to contributions payable for calendar quarters beginning on or after January 1, 2014.

SECTION 2.3.(a) G.S. 96-14.9(e) reads as rewritten:

"(e) Actively Seeking Work. – The Division's determination of whether an individual is actively seeking work is based upon the following:

- (1) The individual is registered for employment services, as required by the Division.
- (2) The individual has engaged in an active search for employment that is appropriate in light of the employment available in the labor market and the individual's skills and capabilities.
- (3) The individual has ~~sought work on at least two different days during the week and made at least two~~ five job contacts with potential ~~employers~~ employers during the week.
- (4) The individual has maintained a record of the individual's work search efforts. The record must include the potential employers contacted, the method of contact, and the date contacted. The individual must provide the record to the Division upon request."

SECTION 2.3.(b) This section becomes effective July 1, 2014, and applies to claims for benefits filed on or after that date.

SECTION 2.4.(a) G.S. 96-15(h) reads as rewritten:

"(h) Judicial Review. – ~~Any~~ A decision of the Division, ~~in the absence of judicial review as herein provided, or in the absence of an interested party filing a request for reconsideration, shall become Board of Review becomes final 30 days after the date of notification or mailing thereof, whichever is earlier, unless a party to the decision seeks judicial review as provided in this subsection.~~ Judicial review shall be is permitted only after a party claiming to be aggrieved by the decision has exhausted his remedies before the Division as provided in this Chapter the remedies provided in this Chapter and has filed a petition for review in the superior court of the county in which he the petitioner resides or has his the county in which the petitioner's principal place of business business is located. The petition for review shall ~~must~~ explicitly state what exceptions are taken to the decision or procedure ~~of the Division~~ and what relief the petitioner seeks. Within 10 days after the petition is filed with the court, the petitioner shall ~~must~~ serve copies of the petition by personal service or by certified mail, return receipt requested, upon the Division and upon all parties of record to the Division proceedings. The Division must furnish the petitioner the names ~~Names~~ and addresses of the parties shall ~~be furnished to the petitioner by the Division upon request.~~ The Division shall be deemed to be is a party to any judicial action involving any of its decisions and may be represented in the judicial action by any qualified attorney who has been designated by it for that purpose. Any questions regarding the requirements of this subsection concerning the service or filing of a petition shall must be determined by the superior court. Any party to the Division proceeding may become a party to the review proceeding by notifying the court within 10 days after receipt of the copy of the petition. Any person aggrieved may petition to become a party by filing a motion to intervene as provided in G.S. 1A-1, Rule 24.

Within 45 days after receipt of the copy of the petition for review or within such additional time as the court may allow, the Division shall ~~must~~ transmit to the reviewing court the original or a certified copy of the entire record of the proceedings under review. With the permission of the court the record may be shortened by stipulation of all parties to the review proceedings. Any party unreasonably refusing to stipulate to limit the record may be taxed by the court for

~~such the additional cost as is occasioned incurred by the refusal. The court may require or permit subsequent corrections or additions to the record when deemed the court considers the changes desirable."~~

SECTION 2.4.(b) This section becomes effective July 1, 2014, and applies to decisions made on or after that date.

SECTION 2.5.(a) G.S. 96-3 reads as rewritten:

"§ 96-3. Division of Employment Security.

The Division of Employment Security (DES) is created within the Department of Commerce and shall administer the provisions of this Chapter under the supervision of the Assistant Secretary of ~~Commerce Commerce through two coordinate sections: the Employment Security Section and the Employment Insurance Section. The Employment Security Section shall administer the employment services functions of the Division. The Employment Insurance Section shall administer the unemployment taxation and assessment functions of the Division."~~

SECTION 2.5.(b) G.S. 96-4(j) reads as rewritten:

"(j) Hearings. – The Assistant Secretary shall appoint hearing officers or appeals referees to hear contested matters arising from the ~~Employment Security Section and the Employment Insurance Section.~~ Division of Employment Security. Appeals from the decisions of the hearing officers or appeals referees shall be heard by the Board of Review."

SECTION 2.5.(c) G.S. 96-9.15(f) reads as rewritten:

"(f) Domestic Employer Exception. – The Division may authorize an employer of domestic service employees to file an annual report and to file that report by telephone. An annual report allowed under this subsection is due on or before the last day of the month following the close of the calendar year in which the wages are paid. A domestic service employer that files a report by telephone must contact either the tax auditor assigned to the employer's account or the ~~Employment Insurance Section~~ Division of Employment Security in Raleigh and report the required information to that auditor or to that section by the date the report is due."

PART III: GARNISHMENT AND ATTACHMENT FOR THE COLLECTION OF UNPAID UI TAXES

SECTION 3.1.(a) G.S. 1-359 reads as rewritten:

"§ 1-359. Debtors of judgment debtor may satisfy execution.

(a) After the issuing of an execution against property, all persons indebted to the judgment debtor, or to any one of several debtors in the same judgment, may pay to the sheriff the amount of their debt, or as much thereof as is necessary to satisfy the execution; and the sheriff's receipt is a sufficient discharge for the amount paid.

(b) When the Division of Employment Security of the Department of Commerce (Division) prevails in a civil action against an employer to collect unpaid employment taxes under G.S. 96-10(b), the Division may attach or garnish the employer's credit card receipts in payment of the unpaid taxes in the manner provided by subsection (a) of this section. Direct receipt by the Division is a sufficient discharge for the amount paid by a credit card company or clearinghouse."

SECTION 3.1.(b) G.S. 96-10(b)(1) reads as rewritten:

"(b) Collection. –

(1) If, after due notice, any employer defaults in any payment of contributions or interest thereon, the amount due shall be collected by civil action in the name of the Division, and the employer adjudged in default shall pay the costs of such action. Civil actions brought under this section to collect contributions or interest thereon from an employer shall be heard by the court at the earliest possible date, and shall be entitled to preference upon the calendar of the court over all other civil actions, except petitions for judicial review under this Chapter and cases arising under the Workers' Compensation Law of this State; or, if any contribution imposed by this Chapter, or any portion thereof, and/or penalties duly provided for the nonpayment thereof shall not be paid within 30 days after the same become due and payable, and after due notice and reasonable opportunity for hearing, the Division, under the hand of the Assistant Secretary, may certify the same to the clerk of the superior court of the county in which the delinquent resides or has property, and additional copies of said certificate

for each county in which the Division has reason to believe the delinquent has property located. If the amount of a delinquency is less than fifty dollars (\$50.00), the Division may not certify the amount to the clerk of court until a field tax auditor or another representative of the Division personally contacts, or unsuccessfully attempts to personally contact, the delinquent and collect the amount due. A certificate or a copy of a certificate forwarded to the clerk of the superior court shall immediately be docketed and indexed on the cross index of judgments, and from the date of such docketing shall constitute a preferred lien upon any property which said delinquent may own in said county, with the same force and effect as a judgment rendered by the superior court. The Division shall forward a copy of said certificate to the sheriff or sheriffs of such county or counties, or to a duly authorized agent of the Division, and when so forwarded and in the hands of such sheriff or agent of the Division, shall have all the force and effect of an execution issued to such sheriff or agent of the Division by the clerk of the superior court upon a judgment of the superior court duly docketed in said county. Provided, however, the Division may in its discretion withhold the issuance of said certificate or execution to the sheriff or agent of the Division for a period not exceeding 180 days from the date upon which the original certificate is certified to the clerk of superior court. The Division is further authorized and empowered to issue alias copies of said certificate or execution to the sheriff or sheriffs of such county or counties, or to a duly authorized agent of the Division in all cases in which the sheriff or duly authorized agent has returned an execution or certificate unsatisfied; when so issued and in the hands of the sheriff or duly authorized agent of the Division, such alias shall have all the force and effect of an alias execution issued to such sheriff or duly authorized agent of the Division by the clerk of the superior court upon a judgment of the superior court duly docketed in said county. Provided, however, that notwithstanding any provision of this subsection, upon filing one written notice with the Division, the sheriff of any county shall have the sole and exclusive right to serve all executions and make all collections mentioned in this subsection and in such case no agent of the Division shall have the authority to serve any executions or make any collections therein in such county. A return of such execution, or alias execution, shall be made to the Division, together with all moneys collected thereunder, and when such order, execution, or alias is referred to the agent of the Division for service the said agent of the Division shall be vested with all the powers of the sheriff to the extent of serving such order, execution or alias and levying or collecting thereunder. The agent of the Division to whom such order or execution is referred shall give a bond not to exceed three thousand dollars (\$3,000) approved by the Division for the faithful performance of such duties. The liability of said agent shall be in the same manner and to the same extent as is now imposed on sheriffs in the service of executions. If any sheriff of this State or any agent of the Division who is charged with the duty of serving executions shall willfully fail, refuse, or neglect to execute any order directed to him by the said Division and within the time provided by law, the official bond of such sheriff or of such agent of the Division shall be liable for the contributions, penalty, interest, and costs due by the employer. Any judgment that is executable and allowed under this section shall be subject to attachment and garnishment under G.S. 1-359(b) in payment of unpaid taxes that are due from the employer and collectable under this Article."

PART IV: SET THE DURATION OF UNEMPLOYMENT BENEFITS BASED ONLY ON UNEMPLOYMENT RATES

SECTION 4.1.(a) G.S. 96-14.4 is repealed.

SECTION 4.1.(b) G.S. 96-14.3 reads as rewritten:

"§ 96-14.3. ~~Minimum and maximum duration~~ Duration of benefits.

(a) Duration. – ~~The minimum and maximum~~ number of weeks an individual is allowed to receive unemployment benefits depends on the seasonal adjusted statewide unemployment rate that applies to the six-month base period in which the claim is filed. One six-month base period begins on January 1 and one six-month base period begins on July 1. For the base period that begins January 1, the average of the seasonal adjusted unemployment rates for the State for the preceding months of July, August, and September applies. For the base period that begins July 1, the average of the seasonal adjusted unemployment rates for the State for the preceding months of January, February, and March applies. The Division must use the most recent seasonal adjusted unemployment rate determined by the U.S. Department of Labor, Bureau of Labor Statistics, and not the rate as revised in the annual benchmark. ~~The number of weeks allowed for an individual is determined in accordance with G.S. 96-14.4.~~

Seasonal Adjusted Unemployment Rate	Minimum Number of Weeks	Maximum Number of Weeks
Less than or equal to 5.5%	5	12
Greater than 5.5% up to 6%	6	13
Greater than 6% up to 6.5%	7	14
Greater than 6.5% up to 7%	8	15
Greater than 7% up to 7.5%	9	16
Greater than 7.5% up to 8%	10	17
Greater than 8% up to 8.5%	11	18
Greater than 8.5% up to 9%	12	19
Greater than 9%	13	20

(b) Total Benefits. – The total benefits paid to an individual equals the individual's weekly benefit amount allowed under G.S. 96-14.2 multiplied by the number of weeks allowed under subsection (a) of this section."

SECTION 4.1.(c) G.S. 96-14.12(b) reads as rewritten:

"(b) Duration of Benefits. – This subsection applies to an individual and the spouse of an individual who is unemployed based on services performed for a corporation in which the individual held five percent (5%) or more of the outstanding shares of the voting stock of the corporation. The maximum number of weeks an individual or an individual's spouse may receive benefits is ~~limited to the lesser of six weeks or the applicable weeks determined under G.S. 96-14.4, weeks.~~"

SECTION 4.1.(d) G.S. 96-16(f) reads as rewritten:

- "(f) (1) A seasonal worker shall be eligible to receive benefits based on seasonal wages only for a week of unemployment which occurs, or the greater part of which occurs within the active period or periods of the seasonal pursuit or pursuits in which he earned base period wages.
- (2) A seasonal worker shall be eligible to receive benefits based on nonseasonal wages for any week of unemployment which occurs during any active period or periods of the seasonal pursuit in which he has earned base period wages provided he has exhausted benefits based on seasonal wages. Such worker shall also be eligible to receive benefits based on nonseasonal wages for any week of unemployment which occurs during the inactive period or periods of the seasonal pursuit in which he earned base period wages irrespective as to whether he has exhausted benefits based on seasonal wages.
- (3) The maximum amount of benefits which a seasonal worker shall be eligible to receive based on seasonal wages shall be an amount, adjusted to the nearest multiple of one dollar (\$1.00), determined by multiplying the maximum benefits payable in his benefit year, as provided in ~~G.S. 96-14.4, G.S. 96-14.3,~~ by the percentage obtained by dividing the seasonal wages in his base period by all of his base period wages.
- (4) The maximum amount of benefits which a seasonal worker shall be eligible to receive based on nonseasonal wages shall be an amount, adjusted to the nearest multiple of one dollar (\$1.00), determined by multiplying the maximum benefits payable in his benefit year, as provided in ~~G.S. 96-14.4, G.S. 96-14.3,~~ by the percentage obtained by dividing the nonseasonal wages in his base period by all of his base period wages.

- (5) In no case shall a seasonal worker be eligible to receive a total amount of benefits in a benefit year in excess of the maximum benefits payable for such benefit year, as provided in ~~G.S. 96-14.4~~G.S. 96-14.3."

SECTION 4.1.(e) This section becomes effective July 1, 2014. Changes made by this section to unemployment benefits apply to claims for benefits filed on or after July 1, 2014.

PART V: REQUIRE PHOTO IDENTIFICATION TO RECEIVE UI BENEFITS

SECTION 5.1. G.S. 96-14.9 reads as rewritten:

"§ 96-14.9. Weekly certification.

(a) Requirements. – An individual's eligibility for a weekly benefit amount is determined on a week-to-week basis. An individual must meet all of the requirements of this section for each weekly benefit period. An individual who fails to meet one or more of the requirements is ineligible to receive benefits until the condition causing the ineligibility ceases to exist:

- (1) File a claim for benefits.
- (2) Report ~~at an employment office~~ as requested by the ~~Division~~Division and present valid photo identification meeting the requirements of subsection (k) of this section.
- (3) Meet the work search requirements of subsection (b) of this section.

...
(k) Photo Identification. – The individual must present the Division one of the following documents bearing the individual's photograph:

- (1) A drivers license, learner's permit, provisional license, or nonoperators identification card issued by North Carolina, another state, the District of Columbia, United States territory, or United States commonwealth.
- (2) A United States passport.
- (3) A United States military identification card.
- (4) A Veterans Identification Card issued by the United States Department of Veterans Affairs.
- (5) A tribal enrollment card issued by a federally recognized tribe.
- (6) Any other document issued by the United States or any state that the Division determines adequately identifies the individual."

PART VI: BOARD OF REVIEW FOR UNEMPLOYMENT INSURANCE

SECTION 6.1.(a) G.S. 96-4(b) is repealed.

SECTION 6.1.(b) Article 2D of Chapter 96 of the General Statutes is amended by adding a new section to read:

"§ 96-15.3. Board of Review.

(a) Purpose. – The Board of Review is created to determine appeals policies and procedures and to hear appeals arising from the decisions and determinations of the Division. The Board of Review must exercise its decision-making processes independent of the Governor, the General Assembly, the Department, and the Division. The Department of Commerce must assign staff to the Board of Review.

(b) Members. – The Board of Review consists of three members appointed by the Governor and subject to confirmation by the General Assembly as provided in subsection (c) of this section. One member must be classified as representative of employees, one member must be classified as representative of employers, and one member must be classified as representative of the general public. The member appointed to represent the general public will serve as chair of the Board of Review and must be a licensed attorney in this State.

Members of the Board of Review serve staggered four-year terms. A term begins on July 1 of the year of appointment and ends on June 30 of the fourth year. No individual may serve more than two terms on the Board of Review, including any term served prior to the effective date of this section. In calculating the number of terms served, a partial term that is less than 24 months in length will not be included. The General Assembly must set the annual salaries of the Board of Review in the current Operations Appropriations Act.

(c) Confirmation. – Appointments of members to serve on the Board of Review are subject to confirmation by the General Assembly by joint resolution. The Governor must submit the name of the individual nominated by the Governor to be appointed to the Board of Review to the General Assembly for confirmation on or before May 1 of the year of the

expiration of the term. If the General Assembly does not confirm the appointment by May 30, the office will be considered vacant and must be filled in accordance with subsection (d) of this section. The Governor may not resubmit the name of the nominee whom the General Assembly did not confirm for the office. If the Governor fails to timely submit a nomination, the General Assembly will appoint to fill the succeeding term upon the joint recommendation of the President Pro Tempore of the Senate and the Speaker of the House of Representatives in accordance with G.S. 120-121.

(d) Vacancies. – A vacancy in an office of the Board of Review prior to the expiration of the term of office must be filled in accordance with this subsection. The Governor must submit the name of the individual to be appointed to fill the vacancy for the remainder of the unexpired term within 30 days after the vacancy arises to the General Assembly for confirmation by the General Assembly. If the General Assembly does not confirm the appointment within 30 days after the General Assembly receives the nomination, the office will be considered vacant and must be filled in accordance with this subsection. The Governor may not resubmit the name of the nominee whom the General Assembly did not confirm for the vacancy. If the Governor fails to timely submit a nomination, the General Assembly will appoint to fill the vacancy upon the joint recommendation of the President Pro Tempore of the Senate and the Speaker of the House of Representatives in accordance with G.S. 120-121.

If a vacancy in an office arises or exists when the General Assembly is not in session, and the appointment is deemed urgent by the Governor, the Governor may appoint an individual to that office to serve on an interim basis pending confirmation by the General Assembly. The Governor must submit the name of the individual serving on an interim basis to the General Assembly for confirmation within 14 days of the date the General Assembly convenes or reconvenes the next Regular Session. If the Governor fails to timely submit the nomination, the General Assembly will appoint to fill the vacancy upon the joint recommendation of the President Pro Tempore of the Senate and the Speaker of the House of Representatives in accordance with G.S. 120-121. For the purpose of this subsection, the General Assembly is not in session only (i) prior to convening of the Regular Session, (ii) during any adjournment of the Regular Session for more than 10 days, and (iii) after sine die adjournment of the Regular Session."

SECTION 6.1.(c) This section becomes effective July 1, 2014.

SECTION 6.2.(a) Section 4.1 of S.L. 2011-401 provided that the Board of Review, established by that act under G.S. 96-4(b), was to be appointed by November 15, 2011. Members appointed to the Board of Review pursuant to G.S. 96-4(b) are subject to confirmation by the General Assembly. The Board of Review was not appointed by June 30, 2013. Section 21 of S.L. 2013-224 directed the Governor to appoint members to the Board of Review by September 1, 2013, and provided that notwithstanding G.S. 96-4(b), the appointments made pursuant to S.L. 2013-224 did not require General Assembly confirmation. The Board of Review was not appointed by September 1, 2013, and, therefore, the provisions of Section 21 of S.L. 2013-224 no longer apply. The names of the individuals appointed by the Governor in December 2013 to serve on the Board of Review have not been submitted by the Governor to the General Assembly for confirmation as required by G.S. 96-4(b), and those appointments have not been confirmed by the General Assembly.

SECTION 6.2.(b) Section 21 of S.L. 2013-224 is repealed.

SECTION 6.2.(c) To achieve the staggered terms for the members of the Board of Review in accordance with G.S. 96-15.3, as enacted by this Part, and notwithstanding the appointment provisions in G.S. 96-4(b), as repealed by this Part, and in G.S. 96-15.3, as enacted by this Part, the individuals appointed by the Governor in December 2013 to serve as members of the Board of Review may serve as members of the Board of Review, as provided in this section:

- (1) Keith Holliday is designated as the member serving on the Board of Review that represents employers. The term of the member serving on the Board of Review that represents employers expires June 30, 2014. The Governor must fill this expired term in accordance with G.S. 96-15.3(d), as enacted by this Part, as if the office for the term that begins July 1, 2014, is a vacancy.
- (2) Stanley Campbell is designated as the member serving on the Board of Review that represents employees. The term of the member serving on the Board of Review that represents employees expires June 30, 2015. The

Governor must fill this expired term in accordance with G.S. 96-15.3(c), as enacted by this Part.

- (3) Jeanette Doran is the member serving on the Board of Review that represents the general public. The term of the member serving on the Board of Review that represents the general public expires June 30, 2017. The Governor must fill this expired term in accordance with G.S. 96-15.3(c), as enacted by this Part.

SECTION 6.2.(d) This section is effective when it becomes law.

SECTION 6.3.(a) The following decisions in an appeal by a party to a decision of an appeals referee or hearing officer under Chapter 96 of the General Statutes are hereby validated and given the same legal effect as if those decisions had been issued by the Board of Review:

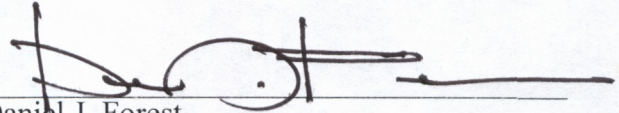
- (1) Decisions issued by the Assistant Secretary of Commerce for the Division of Employment Security or by the Secretary of Commerce's designee.
- (2) Decisions issued by the three individuals appointed by the Governor in December 2013 to serve as members of the Board of Review.

SECTION 6.3.(b) This section is effective when it becomes law and applies to decisions rendered on or after November 1, 2011, and before July 1, 2014.

PART VII: EFFECTIVE DATE

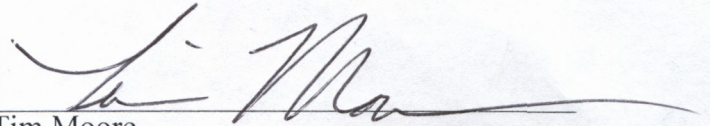
SECTION 7.1. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 23rd day of June, 2014.

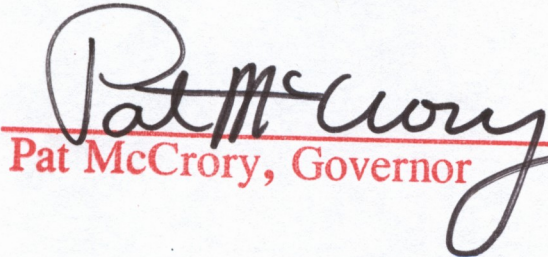


Daniel J. Forest
President of the Senate

VETO



Tim Moore
Presiding Officer of the House of Representatives


Pat McCrory, Governor

6/24/14

Pat McCrory
Governor

Approved 1:32p m. this 24 day of June, 2014

RECEIVED GOVERNOR

June 24, 2014
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