

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H.B. 1039
Apr 28, 2020
HOUSE PRINCIPAL CLERK

H

D

HOUSE BILL DRH10735-RBfz-20A

Short Title: COVID-19 Response Act - Economic Support.

(Public)

Sponsors: Representative Howard.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO PROVIDE AID TO NORTH CAROLINIANS IN RESPONSE TO THE
CORONAVIRUS CRISIS BY INCREASING ACCESS TO UNEMPLOYMENT
BENEFITS, PROVIDING EMPLOYERS A SUTA TAX CREDIT, WAIVING THE
ACCRUAL OF INTEREST ON CERTAIN TAX PAYMENTS, AND EXTENDING
CERTAIN TAX-RELATED DEADLINES, AS RECOMMENDED BY THE ECONOMIC
SUPPORT WORKING GROUP OF THE HOUSE SELECT COMMITTEE ON COVID-19.

The General Assembly of North Carolina enacts:

PART I. TAX RELIEF PROVISIONS

**WAIVE ACCRUAL OF INTEREST ON DEFERRED PAYMENT OF CORPORATE
INCOME AND FRANCHISE TAX AND INDIVIDUAL INCOME TAX**

SECTION 1.1.(a) Interest Waiver. – As a result of the COVID-19 outbreak, the Secretary of Revenue has extended the franchise, corporate income, and individual income tax payment deadline from April 15, 2020, to July 15, 2020, and pursuant to G.S. 105-249.2, the Secretary will not assess a penalty for failure to file a return or pay a tax due as long as the return is filed and the tax due is paid by July 15, 2020. Notwithstanding G.S. 105-241.21(b), the Secretary of Revenue shall also waive the accrual of interest from April 15, 2020, through July 15, 2020, on an underpayment of tax imposed on a franchise, corporate income, or individual income tax return, including a partnership and estate and trust tax return, due from April 15, 2020, through July 15, 2020. The relief from accrual of interest from April 15, 2020, through July 15, 2020, also includes interest imposed pursuant to G.S. 105-163.15 and G.S. 105-163.41 for payments due on or before July 15, 2020.

SECTION 1.1.(b) This section is effective when it becomes law.

EXTEND CERTAIN TAX ACTION DATES

SECTION 1.2.(a) Refund Request. – For franchise, corporate income, and individual income tax, the statute of limitations for obtaining a refund is extended to July 15, 2020, for refund claims for which the statute of limitations to seek a refund expires on or after April 15, 2020, and before July 15, 2020.

SECTION 1.2.(b) Time-Sensitive Actions. – Certain actions required to be taken by a taxpayer on or after April 1, 2020, and before July 15, 2020, will be considered timely if the request or petition is filed on or before July 15, 2020. This subsection applies to requests for Departmental review under G.S. 105-241.11, petitions for a contested case hearing at the Office of Administrative Hearings under Article 3 of Chapter 150B of the General Statutes and



1 G.S. 105-241.15, and petitions for judicial review under Article 4 of Chapter 150B of the General
2 Statutes and G.S. 105-241.16.

3 **SECTION 1.2.(c)** This section is effective when it becomes law.
4

5 **PART II. UNEMPLOYMENT LAW CHANGES**

6 **FLEXIBILITY TO ADMINISTER UNEMPLOYMENT COMPENSATION AND SUTA** 7 **TAX CREDIT**

8 **SECTION 2.1.(a)** Chapter 96 of the General Statutes is amended by adding a new
9 section to read:

10 **"§ 96-14.15. Emergency unemployment benefits and tax credit to respond to the**
11 **coronavirus emergency of 2020.**

12 (a) Benefits Payable. – Unemployment benefits are payable in response to the
13 coronavirus emergency in any of the following circumstances:

14 (1) An employer temporarily ceases operations due to the coronavirus, preventing
15 the individual from going to work.

16 (2) An employer reduces the hours of employment due to the coronavirus.

17 (3) An individual has a current diagnosis of the coronavirus.

18 (4) An individual is quarantined at the instruction of a health care provider or a
19 local, State, or federal official.

20 (b) Exceptions Allowed. – The provisions of this Chapter apply to benefits payable under
21 this section except as follows:

22 (1) Waiting week. – No waiting week applies to a claim for unemployment under
23 this section.

24 (2) Work search. – The work search requirements do not apply to an individual
25 who is eligible for unemployment under this section.

26 (3) Non-charging. – Benefits paid to an individual under this section are not
27 charged to the account of any base period employer of the individual.

28 (4) Attached claim. – An employer may file an attached claim for benefits allowed
29 under this section. The restrictions for filing an attached claim under
30 G.S. 96-15(a1) do not apply to an employer-filed claim under this section and
31 a claim filed by an employer under this section is not an attached claim filed
32 under G.S. 96-15(a1).

33 (c) Tax Credit. – An employer is allowed a tax credit for a contribution to the
34 Unemployment Insurance Fund payable under G.S. 96-9.2 for contributions due for the calendar
35 year 2020. The amount of the credit is equal to the amount of contributions payable on the report
36 filed by the employer on or before April 30, 2020.

37 If an employer remitted the contributions payable with the report due on or before April 30,
38 2020, the credit will be applied to the contributions payable on the report due on or before July
39 31, 2020. An employer must file the report to receive the credit. If the amount of the credit
40 exceeds the amount of contributions due on the report, the excess credit amount is considered an
41 overpayment and will be refunded pursuant to G.S. 96-9.15(b).

42 (d) Coronavirus. – For purposes of this section, the term "coronavirus" has the same
43 meaning as defined in section 506 of the Coronavirus Preparedness and Response Supplemental
44 Appropriations Act, 2020.

45 (e) Applicability. – This section applies for unemployment benefits filed for periods
46 beginning on or after March 10, 2020, and expires for unemployment benefits filed for periods
47 beginning on or after the earlier of the following: (i) the date the Governor signs an executive
48 order rescinding Executive Order No. 116, a Declaration of a State of Emergency to Coordinate
49 Response and Protective Actions to Prevent the Spread of COVID-19, or (ii) December 31,
50 2020."
51

1 **SECTION 2.1.(b)** Notwithstanding G.S. 96-14.9, an individual may meet the
2 reporting requirements of that section by telephone or via the Internet for the period beginning
3 March 10, 2020, and ending on the earlier of the following: (i) the date the Governor signs an
4 executive order rescinding Executive Order No. 116, a Declaration of a State of Emergency to
5 Coordinate Response and Protective Actions to Prevent the Spread of COVID-19, or (ii)
6 December 31, 2020.

7 **SECTION 2.1.(c)** This section is effective when it becomes law.
8

9 **CHANGES TO THE UNEMPLOYMENT INSURANCE LAWS, AS RECOMMENDED**
10 **BY THE DIVISION OF EMPLOYMENT SECURITY AND THE JOINT LEGISLATIVE**
11 **OVERSIGHT COMMITTEE ON UNEMPLOYMENT INSURANCE**

12 **SECTION 2.2.(a)** G.S. 96-14.9(e) reads as rewritten:

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

15 ...

16 (3) The individual has made at least three job contacts with potential employers
17 during the week. An individual may satisfy one of the weekly job contacts by
18 attending a reemployment activity offered by a local career center. The
19 Division shall verify the suitability of the activity for the credit and the
20 claimant's attendance at the activity.

21 "

22 **SECTION 2.2.(b)** G.S. 96-15 is amended by adding a new subsection to read:

23 "**(a2) Federal Disaster Declaration.** – An employer may file claims for employees through
24 the use of automation in the case of unemployment due directly to a disaster covered by a federal
25 disaster declaration."

26 **SECTION 2.2.(c)** G.S. 105-356(a) reads as rewritten:

27 "(a) **On Real Property.** – The lien of taxes imposed on real and personal property shall
28 attach to real property at the time prescribed in G.S. 105-355(a). The priority of that lien shall be
29 determined in accordance with the following rules:

30 (1) Subject to the provisions of the Revenue Act prescribing the priority of the
31 lien for State taxes, the lien of taxes imposed under the provisions of this
32 Subchapter shall be superior to all other liens, assessments, charges, rights,
33 and claims of any and every kind in and to the real property to which the lien
34 for taxes attaches regardless of the claimant and regardless of whether
35 acquired prior or subsequent to the attachment of the lien for taxes. For
36 purposes of this subdivision, the term "lien for State taxes" includes a lien for
37 contributions under G.S. 96-10.

38 "

39 **SECTION 2.2.(d)** G.S. 120-70.158 is repealed.

40 **SECTION 2.2.(e)** Subsection (a) of this section becomes effective July 1, 2020. The
41 remainder of this section is effective when it becomes law.
42

43 **PART III. EFFECTIVE DATE**

44 **SECTION 3.** Except as otherwise provided, this act is effective when it becomes
45 law.