

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 852*
Finance Committee Substitute Adopted 5/6/93

Short Title: Cut Unemployment Insurance Tax.

(Public)

Sponsors:

Referred to:

April 14, 1993

A BILL TO BE ENTITLED

AN ACT TO REDUCE THE STATE UNEMPLOYMENT INSURANCE TAX RATE
UNDER CERTAIN CIRCUMSTANCES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 96-9(b)(3)d. reads as rewritten:

"d. ~~The applicable schedule of rates for the calendar year 1972 and thereafter shall be determined by the fund ratio resulting when the total amount available for benefits in the unemployment insurance fund, as of the computation date, August 1, is divided by the total amount of the taxable payroll of all subject employers for the 12-month period ending June 30 preceding such computation date. Schedule~~ Rate schedule A,B,C,D,E,F,G,H, or I appearing on the line opposite ~~such the~~ the fund ratio in the following Fund Ratio Schedules table below shall be applicable in determining and assigning each eligible employer's contribution rate for the calendar year immediately following the computation date. The fund ratio is the total amount available for benefits in the Unemployment Insurance Fund on the computation date divided by the total amount of the

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taxable payroll of all subject employers for the 12-month period ending June 30 preceding the computation date.

FUND RATIO SCHEDULES

		When the Fund Ratio Is:		Applicable
As Much As		But Less Than		Schedule
6	— 2.5%	A		
7	2.5% 3.5%	B		
8	3.5% 4.5%	C		
9	4.5% 5.5%	D		
10	5.5% 6.5%	E		
11	6.5% 7.5%	F		
12	7.5% 8.5%	G		
13	8.5% 9.5%	H		
14	9.5% and in excess thereof			I

~~Variations from the standard rate of contributions shall be determined and assigned with respect to the calendar year 1972 and thereafter, to employers whose accounts have a credit balance and who are eligible therefor according to each such employer's credit reserve ratio, and each such employer shall be assigned the contribution rate appearing in the applicable Schedule A,B,C,D,E,F,G,H, or I on the line opposite his credit reserve ratio as set forth in the Experience Rating Formula below:~~

~~EXPERIENCE RATING FORMULA~~

~~When The Credit Reserve Ratio Is:~~

As Much		But Less										
As—		Than		Rate Schedules (%)								
				—A								—B
												—C
												—D
												—E
												—F
												—G
												—H
												—I
37	—	0.8%		2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.5
38	0.8%	1.0		2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.5	2.3
39	1.0	1.2		2.7	2.7	2.7	2.7	2.7	2.7	2.5	2.3	2.1
40	1.2	1.4		2.7	2.7	2.7	2.7	2.7	2.5	2.3	2.1	1.9
41	1.4	1.6		2.7	2.7	2.7	2.7	2.5	2.3	2.1	1.9	1.7
42	1.6	1.8		2.7	2.7	2.7	2.5	2.3	2.1	1.9	1.7	1.5
43	1.8	2.0		2.7	2.7	2.5	2.3	2.1	1.9	1.7	1.5	1.3
44	2.0	2.2		2.7	2.5	2.3	2.1	1.9	1.7	1.5	1.3	1.1

1	2.2	2.4	2.5	2.3	2.1	1.9	1.7	1.5	1.3	1.1	0.9
2	2.4	2.6	2.3	2.1	1.9	1.7	1.5	1.3	1.1	0.9	0.7
3	2.6	2.8	2.1	1.9	1.7	1.5	1.3	1.1	0.9	0.7	0.5
4	2.8	3.0	1.9	1.7	1.5	1.3	1.1	0.9	0.7	0.5	0.4
5	3.0	3.2	1.7	1.5	1.3	1.1	0.9	0.7	0.5	0.4	0.3
6	3.2	3.4	1.5	1.3	1.1	0.9	0.7	0.5	0.4	0.3	0.2
7	3.4	3.6	1.3	1.1	0.9	0.7	0.5	0.4	0.3	0.2	0.1
8	3.6	3.8	1.1	0.9	0.7	0.5	0.4	0.3	0.2	0.1	0.1
9	3.8	4.0	0.9	0.7	0.5	0.4	0.3	0.2	0.1	0.1	0.1
10	4.0	4.2	0.7	0.5	0.4	0.3	0.2	0.1	0.1	0.1	0.1
11	4.2	4.4	0.5	0.4	0.3	0.2	0.1	0.1	0.1	0.1	0.1
12	4.4	4.6	0.4	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1
13	4.6	4.8	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
14	4.8	5.0	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
15	5.0 and in		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
16	excess thereof										

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 18 ~~New rates shall be assigned to eligible employers effective~~
 19 ~~January 1, 1972, and each January 1 thereafter in accordance with the~~
 20 ~~foregoing Fund Ratio Schedule and Experience Rating Formula.~~

21 ~~The Experience Rating Formula table in force in any particular~~
 22 ~~year shall apply to all accounts for that calendar year subsequent~~
 23 ~~replacement enactments notwithstanding.~~

24 ~~Provided that effective January 1, 1987, the Experience Rating~~
 25 ~~Formula below shall be applicable and the variations from the standard~~
 26 ~~beginning rate of contributions shall be determined and assigned in~~
 27 ~~accordance therewith. New rates shall be assigned to eligible~~
 28 ~~employers effective January 1, 1987, and each January 1 thereafter in~~
 29 ~~accordance with the foregoing Fund Ratio Schedule and this~~
 30 ~~Experience Rating Formula.~~

31 The standard contribution rate set by subdivision (b)(1) of this section applies
 32 to an employer unless the employer's account has a credit balance.
 33 The contribution rate of an employer whose account has a credit
 34 balance is determined in accordance with the rate set in the following
 35 Experience Rating Formula table for the applicable rate schedule. The
 36 contribution rate of an employer whose contribution rate is determined
 37 by the Experience Rating Formula table shall be reduced by thirty
 38 percent (30%) for any year in which the balance in the Unemployment
 39 Insurance Fund equals or exceeds eight hundred million dollars
 40 (\$800,000,000) on the computation date.

41 **EXPERIENCE RATING FORMULA**

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 43 When The Credit Ratio Is:
 44 As Much But Less

	As	Than	Rate Schedules (%)								
			A								B
											C
											D
											E
											F
											G
											H
											I
10	—	0.2%	2.70	2.70	2.70	2.70	2.70	2.70	2.50	2.30	2.10
11	0.2%	0.4%	2.70	2.70	2.70	2.70	2.70	2.50	2.30	2.10	1.90
12	0.4%	0.6%	2.70	2.70	2.70	2.70	2.50	2.30	2.10	1.90	1.70
13	0.6%	0.8%	2.70	2.70	2.70	2.50	2.30	2.10	1.90	1.70	1.50
14	0.8%	1.0%	2.70	2.70	2.50	2.30	2.10	1.90	1.70	1.50	1.30
15	1.0%	1.2%	2.70	2.50	2.30	2.10	1.90	1.70	1.50	1.30	1.10
16	1.2%	1.4%	2.50	2.30	2.10	1.90	1.70	1.50	1.30	1.10	0.90
17	1.4%	1.6%	2.30	2.10	1.90	1.70	1.50	1.30	1.10	0.90	0.80
18	1.6%	1.8%	2.10	1.90	1.70	1.50	1.30	1.10	0.90	0.80	0.70
19	1.8%	2.0%	1.90	1.70	1.50	1.30	1.10	0.90	0.80	0.70	0.60
20	2.0%	2.2%	1.70	1.50	1.30	1.10	0.90	0.80	0.70	0.60	0.50
21	2.2%	2.4%	1.50	1.30	1.10	0.90	0.80	0.70	0.60	0.50	0.40
22	2.4%	2.6%	1.30	1.10	0.90	0.80	0.70	0.60	0.50	0.40	0.30
23	2.6%	2.8%	1.10	0.90	0.80	0.70	0.60	0.50	0.40	0.30	0.20
24	2.8%	3.0%	0.90	0.80	0.70	0.60	0.50	0.40	0.30	0.20	0.15
25	3.0%	3.2%	0.80	0.70	0.60	0.50	0.40	0.30	0.20	0.15	0.10
26	3.2%	3.4%	0.70	0.60	0.50	0.40	0.30	0.20	0.15	0.10	0.09
27	3.4%	3.6%	0.60	0.50	0.40	0.30	0.20	0.15	0.10	0.09	0.08
28	3.6%	3.8%	0.50	0.40	0.30	0.20	0.15	0.10	0.09	0.08	0.07
29	3.8%	4.0%	0.40	0.30	0.20	0.15	0.10	0.09	0.08	0.07	0.06
30	4.0%	4.2%	0.30	0.20	0.15	0.10	0.09	0.08	0.07	0.06	0.05
31	4.2%	4.4%	0.20	0.15	0.10	0.09	0.08	0.07	0.06	0.05	0.04
32	4.4%	4.6%	0.15	0.10	0.09	0.08	0.07	0.06	0.05	0.04	0.03
33	4.6%	4.8%	0.10	0.09	0.08	0.07	0.06	0.05	0.04	0.03	0.02
34	4.8%	5.0%	0.09	0.08	0.07	0.06	0.05	0.04	0.03	0.02	0.01
35	5.0%	5.2%	0.08	0.07	0.06	0.05	0.04	0.03	0.02	0.01	0.01
36	5.2%	5.4%	0.07	0.06	0.05	0.04	0.03	0.02	0.01	0.01	0.01
37	5.4%	5.6%	0.06	0.05	0.04	0.03	0.02	0.01	0.01	0.01	0.01
38	5.6%	5.8%	0.05	0.04	0.03	0.02	0.01	0.01	0.01	0.01	0.01
39	5.8%	6.0%	0.04	0.03	0.02	0.01	0.01	0.01	0.01	0.01	0.01
40	6.0%	6.2%	0.03	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01
41	6.2%	6.4%	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
42	6.4% & Over		0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01".

43 Sec. 2. This act is effective upon ratification and applies to quarters
 44 beginning on or after April 1, 1993.