

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 13
Finance Committee Substitute Adopted 2/1/95

Short Title: Unemployment Tax Cut.

(Public)

Sponsors:

Referred to:

January 26, 1995

1 A BILL TO BE ENTITLED
2 AN ACT TO FURTHER REDUCE EMPLOYERS' UNEMPLOYMENT INSURANCE
3 TAXES.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 96-9(a)(5) reads as rewritten:

6 "(5) An employer is not required to pay contributions on wages the employer
7 pays to an individual in a calendar year in excess of the taxable wage
8 base for that calendar year. The taxable wage base is the greater of (i)
9 the federally required taxable wage base or (ii) the product resulting
10 from multiplying the average yearly insured wage by fifty percent
11 (50%), rounded to the nearest multiple of one hundred dollars
12 (\$100.00). The average yearly insured wage is the average weekly
13 insured wage on the applicable computation date multiplied by 52.
14 Prior to January 1, 1978, the term 'wages' shall not include for the
15 purposes of this section any remuneration in excess of four thousand
16 two hundred dollars (\$4,200) paid to any individual in a single calendar
17 year by an employer with respect to employment. The following wages
18 are included in determining whether the amount of wages paid to an
19 individual in a single calendar year exceeds the taxable wage base:

1 a. ~~For purposes of this section, the term 'wages' shall not include~~
2 ~~any remuneration paid to any employee in this State in excess of~~
3 ~~this State's tax base. Wages paid to an individual in this State by a~~
4 ~~single an employer if the employer of that individual that made~~
5 ~~contributions in another state or states upon the wages paid to~~
6 ~~such the individual during the applicable calendar year, because~~
7 ~~of the work was performed in another state or states. the other~~
8 ~~state.~~

9 b. ~~Wages paid by a Any successor employer as defined in G.S. 96-~~
10 ~~8(5)b for the purposes of this section shall pay no contributions~~
11 ~~on that part of remuneration earned by any to an individual in the~~
12 ~~employ of the successor employer which, when added to the~~
13 ~~remuneration previously paid by the predecessor employer~~
14 ~~exceeded this State's tax base in a single calendar year, provided~~
15 ~~that meets both of the following conditions: (i) the individual~~
16 ~~was an employee of the predecessor and was taken over as an~~
17 ~~employee by the successor as a part of the organization acquired~~
18 ~~and, provided further, that and (ii) the predecessor employer has~~
19 ~~paid contributions on the wages paid to such the individual while~~
20 ~~in his the predecessor's employ during the year of acquisition and~~
21 ~~the account of the predecessor is transferred to the successor in~~
22 ~~accordance with G.S. 96-9(c)(4)a.~~

23 ~~Beginning January 1, 1978, and thereafter, the taxable wage base of~~
24 ~~any employee whose wages are subject to taxation, whether totally or~~
25 ~~partially, by the State of North Carolina under any provision of this~~
26 ~~Chapter shall be the federally required tax base.~~

27 ~~On the computation date (August 1) in 1983 and each computation~~
28 ~~date thereafter, the Commission shall compute the average yearly~~
29 ~~insured wage by multiplying the average weekly insured wage (obtained~~
30 ~~in accordance with G.S. 96-8(22)) by 52. During the calendar year~~
31 ~~following the computation date, the taxable wage base shall be the~~
32 ~~greater of the federally required tax base or the product resulting from~~
33 ~~multiplying the average yearly insured wage by sixty percent (60%),~~
34 ~~rounded to the nearest multiple of one hundred dollars (\$100.00)."~~

35 Sec. 2. G.S. 96-9(b)(3) is amended by adding a new subdivision d3. to read:

36 "d3. The standard contribution rate set by subdivision (b)(1) of this section
37 applies to an employer unless the employer's account has a credit
38 balance. Beginning January 1, 1995, the contribution rate of an
39 employer whose account has a credit balance is determined in
40 accordance with the rate set in the following Experience Rating Formula
41 table for the applicable rate schedule. The contribution rate of an
42 employer whose contribution rate is determined by this Experience
43 Rating Formula table shall be reduced by fifty percent (50%) for any

year in which the balance in the Unemployment Insurance Fund equals or exceeds eight hundred million dollars (\$800,000,000) on the computation date.

EXPERIENCE RATING FORMULA

When The Credit Ratio Is:

As But
Much Less

		As Than				Rate Schedules (%)				
		A	B	C	D	E	F	G	H	
		10.0%	0.2%	2.70%	2.70%	2.70%	2.70%	2.50%	2.30%	
		2.10%	1.90%	1.70%						
0.2%	0.4%	2.70%	2.70%	2.70%	2.50%	2.30%	2.10%	1.90%	1.70%	1.50%
0.4%	0.6%	2.70%	2.70%	2.50%	2.30%	2.10%	1.90%	1.70%	1.50%	1.30%
0.6%	0.8%	2.70%	2.50%	2.30%	2.10%	1.90%	1.70%	1.50%	1.30%	1.10%
0.8%	1.0%	2.50%	2.30%	2.10%	1.90%	1.70%	1.50%	1.30%	1.10%	0.90%
1.0%	1.2%	2.30%	2.10%	1.90%	1.70%	1.50%	1.30%	1.10%	0.90%	0.80%
1.2%	1.4%	2.10%	1.90%	1.70%	1.50%	1.30%	1.10%	0.90%	0.80%	0.70%
1.4%	1.6%	1.90%	1.70%	1.50%	1.30%	1.10%	0.90%	0.80%	0.70%	0.60%
1.6%	1.8%	1.70%	1.50%	1.30%	1.10%	0.90%	0.80%	0.70%	0.60%	0.50%
1.8%	2.0%	1.50%	1.30%	1.10%	0.90%	0.80%	0.70%	0.60%	0.50%	0.40%
2.0%	2.2%	1.30%	1.10%	0.90%	0.80%	0.70%	0.60%	0.50%	0.40%	0.30%
2.2%	2.4%	1.10%	0.90%	0.80%	0.70%	0.60%	0.50%	0.40%	0.30%	0.20%
2.4%	2.6%	0.90%	0.80%	0.70%	0.60%	0.50%	0.40%	0.30%	0.20%	0.15%
2.6%	2.8%	0.80%	0.70%	0.60%	0.50%	0.40%	0.30%	0.20%	0.15%	0.10%
2.8%	3.0%	0.70%	0.60%	0.50%	0.40%	0.30%	0.20%	0.15%	0.10%	0.09%
3.0%	3.2%	0.60%	0.50%	0.40%	0.30%	0.20%	0.15%	0.10%	0.09%	0.08%
3.2%	3.4%	0.50%	0.40%	0.30%	0.20%	0.15%	0.10%	0.09%	0.08%	0.07%
3.4%	3.6%	0.40%	0.30%	0.20%	0.15%	0.10%	0.09%	0.08%	0.07%	0.06%
3.6%	3.8%	0.30%	0.20%	0.15%	0.10%	0.09%	0.08%	0.07%	0.06%	0.05%
3.8%	4.0%	0.20%	0.15%	0.10%	0.09%	0.08%	0.07%	0.06%	0.05%	0.04%
4.0%	4.2%	0.15%	0.10%	0.09%	0.08%	0.07%	0.06%	0.05%	0.04%	0.03%
4.2%	4.4%	0.10%	0.09%	0.08%	0.07%	0.06%	0.05%	0.04%	0.03%	0.02%
4.4%	4.6%	0.09%	0.08%	0.07%	0.06%	0.05%	0.04%	0.03%	0.02%	0.01%
4.6%	4.8%	0.08%	0.07%	0.06%	0.05%	0.04%	0.03%	0.02%	0.01%	0.01%
4.8%	5.0%	0.07%	0.06%	0.05%	0.04%	0.03%	0.02%	0.01%	0.01%	0.01%
5.0%&OVER		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%"

Sec. 3. Effective January 1, 1998, G.S. 96-9(b)(3)d2. is repealed.

Sec. 4. Section 3 of this act becomes effective January 1, 1998. The remainder of this act is effective upon ratification and applies to quarters beginning on or after January 1, 1995.