

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** House Bill 311 (Second Edition)

**SHORT TITLE:** Indian Tribe Unemployment Option - AB

**SPONSOR(S):** Representatives Redwine and Haire

<b>FISCAL IMPACT</b>					
	<b>Yes ( )</b>	<b>No (X)</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>	<b><u>FY 2003-04</u></b>	<b><u>FY 2004-05</u></b>	<b><u>FY 2005-06</u></b>
<b>REVENUES</b>					
Unemployment Insurance Trust Fund					
					see ASSUMPTIONS AND METHODOLOGY
<b>EXPENDITURES</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>					
Employment Security Commission					
<b>EFFECTIVE DATE:</b>					
This act is effective when it becomes law.					

**BILL SUMMARY:** The bill will allow a federally recognized Indian tribe to make an election, valid for at least three years, as to whether to be treated as a reimbursable-based employer or experience-rated employer for the purpose of making payments to the Unemployment Insurance Trust Fund.

**BACKGROUND:** With the passage of the Consolidated Appropriations Act of 2001 (CAA), Congress amended the Federal Unemployment Tax Act of 1970 to treat Indian tribes the same as nonprofits and state/local governments. This legislation is needed to bring North Carolina into compliance with federal law. A certification memo has been prepared by the General Assembly's Fiscal Research to confirm the need for this legislation.

**ASSUMPTIONS AND METHODOLOGY:** The Eastern Band of the Cherokee is the only federally recognized Indian tribe in North Carolina. The Cherokee tribal government paid the Employment Security Commission \$28,000 to \$38,000 per quarter last fiscal year in unemployment taxes. The current balance in the Cherokee unemployment insurance account is \$1,005,725.97. The Employment Security Commission paid \$133,000 in unemployment benefits from this account to tribal members last year. Under this bill, the tribal government would no longer pay the unemployment tax but will reimburse the

Commission for unemployment benefit payments made to tribal members. This change will not have an annual impact on the Unemployment Insurance Trust Fund. The Trust Fund will retain the \$1 million balance in the account of the Eastern Band of the Cherokee.

**TECHNICAL CONSIDERATIONS:**

**FISCAL RESEARCH DIVISION 733-4910**

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**APPROVED BY:** James D. Johnson

**DATE:**

Official  
Fiscal Research Division  
Publication



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