

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 893

Manufacturing and Labor Committee Substitute Adopted 5/27/91

Finance Committee Substitute #2 Adopted 6/27/91

Short Title: ESC Reserve Fund.

(Public)

Sponsors:

Referred to:

May 9, 1991

A BILL TO BE ENTITLED

AN ACT TO CHANGE THE EMPLOYMENT SECURITY COMMISSION RESERVE FUND STATUTES.

The General Assembly of North Carolina enacts:

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

"(f) Employment Security Commission Reserve Fund. – There is created in the State treasury a special trust fund, separate and apart from all other public moneys or funds of this State, to be known as the Employment Security Commission Reserve Fund, hereinafter 'Reserve Fund'. Except as provided herein and in G.S. 96-9(b)(3)j, all proceeds from the tax as defined in G.S. 96-9(b)(3)j and collected pursuant to G.S. 96-10 shall be paid into the Reserve Fund. The moneys in the Reserve Fund may be used by the Commission for loans to the Unemployment Insurance Fund, as security for loans from the federal Unemployment Insurance Trust Fund, and to pay any interest required on advances under Title XII of the Social Security Act as required by G.S. 96-6(f), and shall be continuously available to the Commission for expenditure in accordance with the provisions of this section. The State Treasurer shall be ex officio the treasurer and custodian and shall invest said moneys in accordance with existing law as well as rules and regulations promulgated pursuant thereto. Furthermore, the State Treasurer shall disburse the moneys in accordance with the directions of the Commission and in accordance with such regulations as the Commission may prescribe.

Administrative costs for the collection of the tax and interest payable to the Reserve Fund shall be borne by the Special Employment Administration Fund. Refunds of

1 interest and tax allowable under G.S. 96-9(b)(3)j shall be made from the Reserve Fund.  
2 No taxes shall be collected or paid into this fund during a calendar year when, as of the  
3 computation date (August 1) of the preceding calendar year, the balance of the fund  
4 equals to or exceeds one percent (1%) of ~~the taxable wages~~ for the 12-month period  
5 ending July 31, 1986.

6 The interest earned from investment of the Reserve Fund moneys shall be deposited  
7 in a fund hereby established in the State Treasurer's Office, to be known as the 'Worker  
8 Training Trust Fund'. These moneys shall be used to:

- 9 (1) Fund programs, specifically for the benefit of unemployed workers or  
10 workers who have received notice of long-term layoff or permanent  
11 unemployment, which will enhance the employability of workers,  
12 including, but not limited to, adult basic education, adult high school  
13 or equivalency programs, occupational skills training programs,  
14 assessment, job counseling and placement programs;
- 15 (2) Continue operation of local Employment Security Commission offices  
16 throughout the State; or
- 17 (3) Provide refunds to employers.

18 The use of funds from the Worker Training Trust Fund, for the purposes set out in  
19 the above paragraph, shall be pursuant to appropriations in the Current Operations  
20 Appropriations Act. Funds deposited in the Worker Training Trust Fund prior to July 1,  
21 1987, shall be used as provided in the Current Operations Appropriations Act for 1987-  
22 89."

23 Sec. 2. G.S. 96-9(b)(3)j. reads as rewritten:

24 "j. Effective January 1, 1987, a tax shall be and is hereby imposed  
25 upon the contributions and shall be due and payable at the time  
26 and in the same manner as the contributions. For each quarter  
27 during calendar year 1987 and each calendar year thereafter, if  
28 the Reserve Fund on the computation date (August 1) of the  
29 preceding calendar year is less than one percent (1%) of the  
30 taxable wages as determined on the computation date (August 1) of  
31 the preceding calendar year, for the 12-month period ending July  
32 31, 1986, the standard beginning tax rate and the tax rate  
33 assigned to any employer subject to either the experience rating  
34 formula table in G.S. 96-9(b)(3)d or the rate schedule for  
35 Overdrawn Accounts in G.S. 96-9(b)(3)e shall be twenty  
36 percent (20%) of the contributions due and payable. The  
37 collection of this tax, assessment of interest and penalty on  
38 unpaid taxes, filing of judgment liens, and enforcement of said  
39 liens for unpaid taxes shall be governed by the provisions of  
40 G.S. 96-10 where applicable. Any interest and penalties  
41 collected pursuant to this subsection shall be paid into the  
42 Special Employment Security Administration Fund, and any  
43 interest or penalties refunded under this subsection shall be paid  
44 out of the Special Employment Security Administration Fund.

1                                    Except as to taxes unpaid on the date on which they are due and  
2                                    payable, this tax shall not be collectible for any calendar year,  
3                                    if, as of the computation date (August 1) of the preceding year,  
4                                    the balance of the Employment Security Commission Reserve  
5                                    Fund equals to or exceeds one percent (1%) of ~~the~~-taxable  
6                                    wages for the 12-month period ending July 31, 1986."

7                                    Sec. 3. This act is effective upon ratification.