

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 1466

Short Title: Refunds From ESC Reserve.

(Public)

Sponsors: Senators McDaniel; Page, Ballantine, Carrington, Cochrane, Forrester, Blust, Hartsell, Carpenter, Horton, Smith, Ledbetter, Clark, Shaw, Foxx, Kincaid, Simpson, Blackmon, Webster, Little, Davis, East, and Allran.

Referred to: Finance.

June 3, 1996

A BILL TO BE ENTITLED

1 AN ACT TO DIRECT THE EMPLOYMENT SECURITY COMMISSION TO
2 REFUND TO EMPLOYERS MONEYS IN THE EMPLOYMENT SECURITY
3 COMMISSION RESERVE FUND, TO REPEAL THE TAX ON EMPLOYER
4 CONTRIBUTIONS, AND TO REPEAL THE EMPLOYMENT SECURITY
5 COMMISSION RESERVE FUND AND THE WORKER TRAINING TRUST
6 FUND.
7

8 The General Assembly of North Carolina enacts:

9 Section 1. Effective July 1, 1996, G.S. 96-9(b)(3)j. is repealed.

10 Sec. 2. Effective June 30, 1997, G.S. 96-5(f) is repealed.

11 Sec. 3. Effective July 1, 1996, G.S. 96-5(f) reads as rewritten:

12 "(f) Employment Security Commission Reserve Fund. – There is created in the
13 State treasury a special trust fund, separate and apart from all other public moneys or
14 funds of this State, to be known as the Employment Security Commission Reserve Fund,
15 hereinafter 'Reserve Fund'. ~~Part of the proceeds from the tax on contributions imposed in G.S.~~
16 ~~96-9(b)(3)j shall be credited to the Reserve Fund, as specified in that statute. The moneys in the~~
17 ~~Reserve Fund may be used by the Commission for loans to the Unemployment Insurance Fund,~~
18 ~~as security for loans from the federal Unemployment Insurance Trust Fund, and to pay any~~

1 ~~interest required on advances under Title XII of the Social Security Act, and shall be~~
2 ~~continuously available to the Commission for expenditure in accordance with the provisions of~~
3 ~~this section. The State Treasurer shall be ex officio the treasurer and custodian and shall invest~~
4 ~~said moneys in accordance with existing law as well as rules and regulations promulgated~~
5 ~~pursuant thereto. Furthermore, the Moneys collected as repayments of loans made from the~~
6 Reserve Fund prior to July 1, 1996, shall be credited to the Reserve Fund through June
7 30, 1997. Loan repayments collected after June 30, 1997, shall be deposited to the
8 General Fund. The State Treasurer shall be ex officio the treasurer and custodian of
9 moneys in the Reserve Fund and State Treasurer shall disburse the moneys in accordance
10 with the directions of the Commission and in accordance with such regulations as the
11 Commission may prescribe as authorized by law.

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

14 The interest earned from investment of the Reserve Fund moneys shall be deposited
15 ~~in a fund hereby established in the State Treasurer's Office, to be known as the "Worker~~
16 ~~Training Trust Fund". These moneys shall be used to:~~ to the General Fund. Funds in the
17 Worker Training Trust Fund on and after July 1, 1996, shall be used to:

- 18 (1) Fund programs, specifically for the benefit of unemployed workers or
19 workers who have received notice of long-term layoff or permanent
20 unemployment, which will enhance the employability of workers,
21 including, but not limited to, adult basic education, adult high school or
22 equivalency programs, occupational skills training programs,
23 assessment, job counseling and placement programs;
- 24 (2) Continue operation of local Employment Security Commission offices
25 throughout the State; or
- 26 (3) Provide refunds to employers.

27 The use of funds from the Worker Training Trust Fund, for the purposes set out in the
28 above paragraph, shall be pursuant to appropriations in the Current Operations
29 Appropriations Act. Funds appropriated from the Worker Training Trust Fund that are
30 unexpended and unencumbered at the end of the fiscal year for which they are
31 appropriated shall revert to the State treasury to the credit of the ~~Worker Training Trust~~
32 ~~Fund in accordance with G.S. 143-18. General Fund."~~ General Fund."

33 Sec. 4. (a) Refund. The Employment Security Commission, hereafter
34 "Commission", shall use all funds in the Employment Security Reserve Fund
35 unencumbered as of July 1, 1996, to:

- 36 (1) First, refund to each employer in this State the amount of tax paid by the
37 employer on the employer's contributions under G.S. 96-9(b)(3)j.
38 through July 1, 1996;
- 39 (2) Then, pay the costs of administering this act; and
- 40 (3) If there are funds remaining after complying with subdivisions (1) and
41 (2) of this subsection, then distribute excess funds in accordance with
42 subsection (c) of this section.

1 The Commission shall draw the refunds paid under this section from the Employment
2 Security Commission Reserve Fund, hereafter "Reserve Fund", established pursuant to
3 G.S. 96-5(f). The Commission shall make refunds in accordance with the procedure
4 established in subsection (b) of this section.

5 (b) Refund Procedure. The Commission shall, to the maximum extent possible,
6 identify every employer who paid tax under G.S. 96-9(b)(3)j. through July 1, 1996,
7 including the amount paid by each employer and the time period in which the tax was
8 paid. The Commission shall send a notice to each employer identified indicating the
9 amount of the refund to be paid and how the refund amount was calculated. Each
10 employer shall be given a reasonable opportunity after receipt of notice to show proof
11 that the amount of the tax paid by the employer, not including assessments of interest and
12 penalties on unpaid taxes, was greater than the amount determined by the Commission.
13 If the Commission deems the proof provided by the employer to be satisfactory, then the
14 Commission shall adjust the amount to be refunded accordingly.

15 (c) Funds remaining in the Reserve Fund after refunds and administrative
16 expenses authorized under this section have been paid or accounted for shall be
17 distributed by the Commission to current employers in an amount proportional to the
18 credit balance in each employer's account.

19 (d) The Commission may establish and implement additional procedures not
20 inconsistent with this act to identify employers and to secure from employers the
21 documentation necessary to carry out the purposes of this act.

22 Sec. 5. The Commission shall report to the Joint Legislative Commission on
23 Governmental Operations and the Fiscal Research Division on or before December 1,
24 1996, on the implementation of this act.

25 Sec. 6. This act is effective upon ratification.