

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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SENATE BILL 717*

Short Title: UI Technical Changes. (Public)

Sponsors: Senators Meredith, Wells, and Newton (Primary Sponsors).

Referred to: Rules and Operations of the Senate

May 17, 2018

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE TECHNICAL, ADMINISTRATIVE, AND CLARIFYING CHANGES
3 TO THE UNEMPLOYMENT INSURANCE LAWS.

4 The General Assembly of North Carolina enacts:

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6 **PART I. EXCLUDE DIRECT SELLERS FROM THE DEFINITION OF EMPLOYMENT**
7 **FOR UNEMPLOYMENT INSURANCE**

8 **SECTION 1.(a)** G.S. 96-1(b)(12) reads as rewritten:

9 "(12) Employment. – Defined in section 3306 of the Code, with the following
10 additions and exclusions:

- 11 a. Additions. – The term includes service to a governmental unit, a
12 nonprofit organization, or an Indian tribe as described in sections
13 3306(c)(7) and 3306(c)(8) of the Code.
- 14 b. Exclusions. – The term excludes all of the following:
- 15 1. Service performed by an independent contractor.
 - 16 2. Service performed for a governmental entity or nonprofit
17 organization under sections 3309(b) and 3309(c) of the Code.
 - 18 3. Service by one or more of the following individuals if the
19 individual is authorized to exercise independent judgment and
20 control over the performance of the work and is compensated
21 solely by way of commission:
 - 22 A. A real estate broker, as defined in G.S. 93A-2.
 - 23 B. A securities salesman, as defined in G.S. 78A-2.
 - 24 4. Service performed by a direct seller, as defined in section
25 3508(b)(2) of the Code. The term does not include a person
26 defined in section 3508(b)(2)(A)(iii) of the Code.
 - 27 5. Service performed by an intern for a governmental unit."

28 **SECTION 1.(b)** This section becomes effective July 1, 2018, applies to claims for
29 benefits filed on or after that date, and applies to tax calculations on or after that date.

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31 **PART II. DELAY THE EFFECTIVE DATE FOR A REQUIREMENT THAT**
32 **EMPLOYERS RESPOND TO UNEMPLOYMENT INSURANCE CLAIMS IN 10 DAYS**

33 **SECTION 2.** Section 3.2(b) of S.L. 2017-8, as amended by Section 6 of S.L.
34 2017-203, reads as rewritten:

35 "**SECTION 3.2.(b)** This section becomes effective ~~July 1, 2018,~~ January 1, 2019, applies to
36 claims for benefits filed on or after that date, and applies to tax calculations on or after that date."



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2 **PART III. REDUCE THE NUMBER OF JOB CONTACTS PER WEEK REQUIRED**
3 **FOR UNEMPLOYMENT INSURANCE**

4 **SECTION 3.(a)** G.S. 96-14.9(e) reads as rewritten:

5 "(e) Actively Seeking Work. – The Division's determination of whether an individual is
6 actively seeking work is based upon the following:

- 7 (1) The individual is registered for employment services, as required by the
8 Division.
9 (2) The individual has engaged in an active search for employment that is
10 appropriate in light of the employment available in the labor market and the
11 individual's skills and capabilities.
12 (3) The individual has made at least ~~five~~three job contacts with potential
13 employers during the week.
14 (4) The individual has maintained a record of the individual's work search efforts.
15 The record must include the potential employers contacted, the method of
16 contact, and the date contacted. The individual must provide the record to the
17 Division upon request."

18 **SECTION 3.(b)** This section becomes effective July 1, 2018, applies to claims for
19 benefits filed on or after that date, and applies to tax calculations on or after that date.
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21 **PART IV. REQUIRE ELECTRONIC FILING OF EMPLOYER'S QUARTERLY**
22 **REPORT IF THE EMPLOYER HAS 10 OR MORE EMPLOYEES**

23 **SECTION 4.(a)** G.S. 96-9.15(d) reads as rewritten:

24 "(d) Form of Report. – An employer must complete the tax form prescribed by the
25 Division. An employer or an agent of an employer that reports wages for at least ~~25~~10 employees
26 must file the portion of the "Employer's Quarterly Tax and Wage Report" that contains the name,
27 social security number, and gross wages of each employee in an electronic format prescribed by
28 the Division. For failure of an employer to comply with this subsection, the Division must assess
29 a penalty of twenty-five dollars (\$25.00). For failure of an agent of an employer to comply with
30 this subsection, the Division may deny the agent the right to report wages and file reports for that
31 employer for a period of one year following the calendar quarter in which the agent filed the
32 improper report. The Division may reduce or waive a penalty for good cause shown."

33 **SECTION 4.(b)** This section becomes effective January 1, 2019.
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35 **PART V. CREATE A PROCEDURE TO ALLOW WITHDRAWAL OF CLAIMS FOR**
36 **GOOD CAUSE**

37 **SECTION 5.(a)** G.S. 96-15(b)(1) reads as rewritten:

- 38 "(b) (1) Initial Determination. – A representative designated by the Division shall
39 promptly examine the claim and shall determine whether or not the claim is
40 valid. If the claim is determined to be not valid for any reason other than lack
41 of base period earnings, the claim shall be referred to an Adjudicator for a
42 decision as to the issues presented. If the claim is determined to be valid, a
43 monetary determination shall be issued showing the week with respect to
44 when benefits shall commence, the weekly benefit amount payable, and the
45 potential maximum duration thereof. The claimant shall be furnished a copy
46 of such monetary determination showing the amount of wages paid him by
47 each employer during his base period and the employers by whom such wages
48 were paid, his benefit year, weekly benefit amount, and the maximum amount
49 of benefits that may be paid to him for unemployment during the benefit year.
50 When a claim is not valid due to lack of earnings in his base period, the
51 determination shall so designate. The claimant shall be allowed 10 days from

1 the earlier of mailing or delivery of his monetary determination to him within
2 which to protest his monetary determination and upon the filing of such
3 protest, unless said protest be satisfactorily resolved, the claim shall be
4 referred to the Assistant Secretary or designee for a decision as to the issues
5 presented. All base period employers, as well as the most recent employer of
6 a claimant on a temporary layoff, shall be notified upon the filing of a claim
7 which establishes a benefit year.

8 No claim for benefits may be withdrawn by a claimant except upon the
9 filing of a notice of withdrawal within 10 days from the earlier of mailing or
10 delivery of his monetary determination to him and a finding of good cause by
11 the Assistant Secretary or designee.

12 At any time within one year from the date of the making of an initial
13 determination, the Division on its own initiative may reconsider such
14 determination if it finds that an error in computation or identity has occurred
15 in connection therewith or that additional wages pertinent to the claimant's
16 benefit status have become available, or if such determination of benefit status
17 was made as a result of a nondisclosure or misrepresentation of a material
18 fact."

19 **SECTION 5.(b)** This section becomes effective July 1, 2018, applies to claims for
20 benefits filed on or after that date, and applies to tax calculations on or after that date.

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22 **PART VI. EFFECTIVE DATE**

23 **SECTION 6.** Except as otherwise provided, this act is effective when it becomes
24 law.