



SENATE BILL 725: Unemployment Insurance Technical Changes.

2016-2017 General Assembly

Committee: House Finance
Introduced by: Sen. Rucho
Analysis of: First Edition

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SUMMARY: *Senate Bill 725 would make 2 technical changes to the unemployment insurance laws as follows:*

- *Section 1 clarifies G.S. 96-11.7(c) that treats a new employer as the same employer as an existing business enterprise if continuity of control exists between the businesses.*
- *Section 2 amends G.S. 96-4(q) by adding the phrase "have the power to" to clarify that the Board of Review has the authority to independently select a hearing officer.*

The Department of Commerce's Division of Employment Security (DES) requested both changes.

CURRENT LAW: G.S. 96-11.7(c) prohibits a new employer being assigned an employer number for unemployment insurance reporting when there is an acquisition or change in the form or organization of an existing business enterprise and there is a continuity of control of the business enterprise. Control occurs when ownership overlaps, ownership of assets overlap, or authority to direct internal affairs or conduct of the business overlap.

G.S. 96-4(q) authorizes the Board of Review to "provide for the taking of evidence by a hearing officer employed in the capacity of an attorney by the Department."

BILL ANALYSIS:

Section 1 clarifies G.S. 96-11.7(c) that treats a new employer as the same employer as an existing business enterprise if continuity of control exists between the businesses.

Section 2 amends G.S. 96-4(q) by adding the phrase "have the power to" to clarify that the Board of Review has the authority to independently select a hearing officer in the following sentence: "The Board of Review shall have the power to provide for the taking of evidence by a hearing officer employed in the capacity of an attorney by the Department."

BACKGROUND: G.S. 96-11.7(c) prevents businesses from reorganizing into a new business to avoid higher UI taxes due to past layoffs, a practice called "SUTA dumping."

EFFECTIVE DATE: Senate Bill 725 would be effective when it becomes law.

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