



HOUSE BILL 107: DES COVID Modifications and Technical Changes.

2021-2022 General Assembly

Committee: House Rules, Calendar, and Operations of the House **Date:** March 2, 2021
Introduced by: Reps. Howard, Warren, Bumgardner, Brody **Prepared by:** Greg Roney
Analysis of: First Edition **Staff Attorney**

OVERVIEW: House Bill 107 would make the following changes to the unemployment insurance (UI) system:

- Extend the authorization for COVID-related UI benefits and waiver of certain UI rules for COVID-related UI benefits from 12/31/20 until the earlier of 12/31/21 or the end of Executive Order No. 116
- Allow "back-to-back" extended benefit periods for both COVID-related UI claims and regular UI claims until 12/31/21
- Prevent the base UI rate from automatically adjusting higher for UI tax due from employers in 2021
- Make technical changes requested by the NC Department of Commerce's Division of Employment Security (DES)

House Bill 107 was a recommendation of the Joint Legislative Oversight Committee on Unemployment Insurance. The Bill has been reviewed by the staff of the US Department of Labor (USDOL) and found to be in conformity with federal UI laws.

CURRENT LAW, BILL ANALYSIS, AND EFFECTIVE DATE:

Bill Section G.S. §	Current Law and Bill Analysis	Effective Date
Bill § 1 §96-14.15 §96-14.15(e)	All provisions of §96-14.15 which enacted the 2020 COVID relief measures for UI claims are extended from 12/31/20 until the earlier of 12/31/21 or the end of Executive Order No. 116. Under current law, G.S. §96-14.15 enacted the 2020 COVID relief measures for UI claims and sunset after the earlier of the Governor rescinding Executive Order No. 116, Declaration of a State of Emergency to Coordinate Response and Protective Actions to Prevent the Spread of COVID 19 or 12/31/20. This extension does not affect the one-time employer tax credit under §96-14.15(c) because the tax credit is limited to "contributions due for the calendar year 2020." DES requested the change.	When law
Bill § 1 §96-14.15(b)	G.S. §96-14.15(b) restates current law that the waivers of the waiting week, work search, non-charging of benefits to employers' accounts, and attached claims only applies to COVID-related	When law

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	claims under §96-14.15(a) by adding a phrase in each subdivision referencing the limitation in §96-14.15(b).	
Bill § 1 §96-14.15(b1)	<p>G.S. §96-14.15(b1) allows "back-to-back" extended benefit periods for both COVID-related UI claims and regular UI claims until 12/31/21.</p> <p>Under current law, extra weeks of UI, called extended benefits (EB), can be triggered due to high unemployment. A waiting period applies between periods of extended benefits. DES requested the change.</p>	When law
Bill § 1 §96-14.15(b2)	<p>G.S. §96-14.15(b2) makes a technical election allowed under the federal Pandemic Emergency Unemployment Compensation program (PEUC) to place UI claimants on federal UI benefits ahead of State UI benefits in certain situations. The election conserves the State's UI trust fund. The election also maximizes UI claimant's potential weeks of benefits by exhausting federal benefits first and conserving State weeks for future periods of unemployment. DES requested the election.</p>	When law
Bill § 1 §96-14.15(c1)	<p>G.S. §96-14.15(c1) prevents the base UI rate from automatically adjusting higher for UI tax due from employers in 2021. The lowest base rate will continue to apply in 2021, and employers will not pay higher UI taxes in 2021 due solely to the base rate changing.</p> <p>Under current law, the State UI tax rate base has 3 possible rates which adjust based on a formula to maintain solvency in the State UI trust fund. The lowest base rate applied in 2019. The middle base rate would apply in 2021 under current law. Each employer's rate is determined based on the base rate and the employer's experience rating (i.e., the employer's history of UI claims).</p>	When law
Bill §2 §96-14.14(a)	<p>Section makes technical correction to cross references. The US Department of Labor (USDOL) requested the technical correction to §96-14.14(a). DES requested the change.</p>	When law
Bill §3 §96-14(b)	<p>Section clarifies wages that reduce UI benefits must be earned in the same week as the benefits are paid.</p> <p>Under current law, UI benefits are reduced dollar-for-dollar after n earnings allowance for any wages earned during the week. The earnings allowance is equal to 20% of the UI benefit. DES currently administers the UI law using wages earned during a benefit week. DES requested the change.</p>	When law
Bill §4 §96-15(c)	<p>Section corrects punctuation error. DES requested the change.</p>	When law
Bill §5 §96-15(f)	<p>Section makes technical correction by replacing references to "regulations" with "rules." DES requested the change.</p>	When law

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Bill §6 §96-15(h)	Section makes 2 technical changes: (1) allows electronic notification of a decision of the Board of Review in a manner identical to electronic notification for lower appeals decisions and (2) expressly limits the names/addresses that claimants filing a judicial appeal can request to the names/addresses in DES' records. DES requested the changes.	6/1/21
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