

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017**

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**HOUSE BILL 931\*  
Committee Substitute Favorable 5/31/18**

Short Title: UI Technical Changes.

(Public)

Sponsors:

Referred to:

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

18 **SECTION 5.(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 VI. EFFECTIVE DATE**

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