

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

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HOUSE BILL 1039

Short Title: COVID-19 Response Act - Economic Support. (Public)

Sponsors: Representatives Howard, Saine, and Wray (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Finance, if favorable, Rules, Calendar, and Operations of the House

April 28, 2020

A BILL TO BE ENTITLED

AN ACT TO PROVIDE AID TO NORTH CAROLINIANS IN RESPONSE TO THE CORONAVIRUS CRISIS BY INCREASING ACCESS TO UNEMPLOYMENT BENEFITS, PROVIDING EMPLOYERS A SUTA TAX CREDIT, WAIVING THE ACCRUAL OF INTEREST ON CERTAIN TAX PAYMENTS, AND EXTENDING CERTAIN TAX-RELATED DEADLINES, AS RECOMMENDED BY THE ECONOMIC SUPPORT WORKING GROUP OF THE HOUSE SELECT COMMITTEE ON COVID-19.

The General Assembly of North Carolina enacts:

PART I. TAX RELIEF PROVISIONS

WAIVE ACCRUAL OF INTEREST ON DEFERRED PAYMENT OF CORPORATE INCOME AND FRANCHISE TAX AND INDIVIDUAL INCOME TAX

SECTION 1.1.(a) Interest Waiver. – As a result of the COVID-19 outbreak, the Secretary of Revenue has extended the franchise, corporate income, and individual income tax payment deadline from April 15, 2020, to July 15, 2020, and pursuant to G.S. 105-249.2, the Secretary will not assess a penalty for failure to file a return or pay a tax due as long as the return is filed and the tax due is paid by July 15, 2020. Notwithstanding G.S. 105-241.21(b), the Secretary of Revenue shall also waive the accrual of interest from April 15, 2020, through July 15, 2020, on an underpayment of tax imposed on a franchise, corporate income, or individual income tax return, including a partnership and estate and trust tax return, due from April 15, 2020, through July 15, 2020. The relief from accrual of interest from April 15, 2020, through July 15, 2020, also includes interest imposed pursuant to G.S. 105-163.15 and G.S. 105-163.41 for payments due on or before July 15, 2020.

SECTION 1.1.(b) This section is effective when it becomes law.

EXTEND CERTAIN TAX ACTION DATES

SECTION 1.2.(a) Refund Request. – For franchise, corporate income, and individual income tax, the statute of limitations for obtaining a refund is extended to July 15, 2020, for refund claims for which the statute of limitations to seek a refund expires on or after April 15, 2020, and before July 15, 2020.

SECTION 1.2.(b) Time-Sensitive Actions. – Certain actions required to be taken by a taxpayer on or after April 1, 2020, and before July 15, 2020, will be considered timely if the request or petition is filed on or before July 15, 2020. This subsection applies to requests for Departmental review under G.S. 105-241.11, petitions for a contested case hearing at the Office



1 of Administrative Hearings under Article 3 of Chapter 150B of the General Statutes and
2 G.S. 105-241.15, and petitions for judicial review under Article 4 of Chapter 150B of the General
3 Statutes and G.S. 105-241.16.

4 **SECTION 1.2.(c)** This section is effective when it becomes law.
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6 **PART II. UNEMPLOYMENT LAW CHANGES**

7 8 **FLEXIBILITY TO ADMINISTER UNEMPLOYMENT COMPENSATION AND SUTA** 9 **TAX CREDIT**

10 **SECTION 2.1.(a)** Chapter 96 of the General Statutes is amended by adding a new
11 section to read:

12 **"§ 96-14.15. Emergency unemployment benefits and tax credit to respond to the**
13 **coronavirus emergency of 2020.**

14 (a) Benefits Payable. – Unemployment benefits are payable in response to the
15 coronavirus emergency in any of the following circumstances:

- 16 (1) An employer temporarily ceases operations due to the coronavirus, preventing
17 the individual from going to work.
18 (2) An employer reduces the hours of employment due to the coronavirus.
19 (3) An individual has a current diagnosis of the coronavirus.
20 (4) An individual is quarantined at the instruction of a health care provider or a
21 local, State, or federal official.

22 (b) Exceptions Allowed. – The provisions of this Chapter apply to benefits payable under
23 this section except as follows:

- 24 (1) Waiting week. – No waiting week applies to a claim for unemployment under
25 this section.
26 (2) Work search. – The work search requirements do not apply to an individual
27 who is eligible for unemployment under this section.
28 (3) Non-charging. – Benefits paid to an individual under this section are not
29 charged to the account of any base period employer of the individual.
30 (4) Attached claim. – An employer may file an attached claim for benefits allowed
31 under this section. The restrictions for filing an attached claim under
32 G.S. 96-15(a1) do not apply to an employer-filed claim under this section and
33 a claim filed by an employer under this section is not an attached claim filed
34 under G.S. 96-15(a1).

35 (c) Tax Credit. – An employer is allowed a tax credit for a contribution to the
36 Unemployment Insurance Fund payable under G.S. 96-9.2 for contributions due for the calendar
37 year 2020. The amount of the credit is equal to the amount of contributions payable on the report
38 filed by the employer on or before April 30, 2020.

39 If an employer remitted the contributions payable with the report due on or before April 30,
40 2020, the credit will be applied to the contributions payable on the report due on or before July
41 31, 2020. An employer must file the report to receive the credit. If the amount of the credit
42 exceeds the amount of contributions due on the report, the excess credit amount is considered an
43 overpayment and will be refunded pursuant to G.S. 96-9.15(b).

44 (d) Coronavirus. – For purposes of this section, the term "coronavirus" has the same
45 meaning as defined in section 506 of the Coronavirus Preparedness and Response Supplemental
46 Appropriations Act, 2020.

47 (e) Applicability. – This section applies for unemployment benefits filed for periods
48 beginning on or after March 10, 2020, and expires for unemployment benefits filed for periods
49 beginning on or after the earlier of the following: (i) the date the Governor signs an executive
50 order rescinding Executive Order No. 116, a Declaration of a State of Emergency to Coordinate

1 Response and Protective Actions to Prevent the Spread of COVID-19, or (ii) December 31,
2 2020."

3 **SECTION 2.1.(b)** Notwithstanding G.S. 96-14.9, an individual may meet the
4 reporting requirements of that section by telephone or via the Internet for the period beginning
5 March 10, 2020, and ending on the earlier of the following: (i) the date the Governor signs an
6 executive order rescinding Executive Order No. 116, a Declaration of a State of Emergency to
7 Coordinate Response and Protective Actions to Prevent the Spread of COVID-19, or (ii)
8 December 31, 2020.

9 **SECTION 2.1.(c)** This section is effective when it becomes law.

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11 **CHANGES TO THE UNEMPLOYMENT INSURANCE LAWS, AS RECOMMENDED**
12 **BY THE DIVISION OF EMPLOYMENT SECURITY AND THE JOINT LEGISLATIVE**
13 **OVERSIGHT COMMITTEE ON UNEMPLOYMENT INSURANCE**

14 **SECTION 2.2.(a)** G.S. 96-14.9(e) reads as rewritten:

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

17 ...

18 (3) The individual has made at least three job contacts with potential employers
19 during the week. An individual may satisfy one of the weekly job contacts by
20 attending a reemployment activity offered by a local career center. The
21 Division shall verify the suitability of the activity for the credit and the
22 claimant's attendance at the activity.

23"

24 **SECTION 2.2.(b)** G.S. 96-15 is amended by adding a new subsection to read:

25 "(a2) Federal Disaster Declaration. – An employer may file claims for employees through
26 the use of automation in the case of unemployment due directly to a disaster covered by a federal
27 disaster declaration."

28 **SECTION 2.2.(c)** G.S. 105-356(a) reads as rewritten:

29 "(a) On Real Property. – The lien of taxes imposed on real and personal property shall
30 attach to real property at the time prescribed in G.S. 105-355(a). The priority of that lien shall be
31 determined in accordance with the following rules:

32 (1) Subject to the provisions of the Revenue Act prescribing the priority of the
33 lien for State taxes, the lien of taxes imposed under the provisions of this
34 Subchapter shall be superior to all other liens, assessments, charges, rights,
35 and claims of any and every kind in and to the real property to which the lien
36 for taxes attaches regardless of the claimant and regardless of whether
37 acquired prior or subsequent to the attachment of the lien for taxes. For
38 purposes of this subdivision, the term "lien for State taxes" includes a lien for
39 contributions under G.S. 96-10.

40"

41 **SECTION 2.2.(d)** G.S. 120-70.158 is repealed.

42 **SECTION 2.2.(e)** Subsection (a) of this section becomes effective July 1, 2020. The
43 remainder of this section is effective when it becomes law.

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45 **PART III. EFFECTIVE DATE**

46 **SECTION 3.** Except as otherwise provided, this act is effective when it becomes
47 law.