

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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SENATE BILL 116
Education/Higher Education Committee Substitute Adopted 2/24/21
House Committee Substitute Favorable 6/2/21

Short Title: Putting North Carolina Back to Work Act.

(Public)

Sponsors:

Referred to:

February 22, 2021

A BILL TO BE ENTITLED

AN ACT TO WITHDRAW FROM THE FEDERAL PANDEMIC UNEMPLOYMENT
COMPENSATION (FPUC) AGREEMENT; TO ELIMINATE THE ADDBACK FOR
BUSINESS EXPENSES DEDUCTED TO THE EXTENT THE PAYMENT RESULTS IN
FORGIVENESS OF A COVERED LOAN UNDER THE FEDERAL CARES ACT FOR
THE 2020 AND 2021 TAXABLE YEARS; AND TO EXCLUDE UNEMPLOYMENT
COMPENSATION FROM STATE TAXABLE INCOME TO THE SAME EXTENT AS
FEDERAL LAW.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Purpose. – The purpose of this section is to withdraw from the
FPUC agreement that provides additional payments to unemployment insurance claimants
through September 6, 2021.

SECTION 1.(b) Limit Authority. – Notwithstanding G.S. 96-17(d)(1)a. and any
other provision of law, the Division of Employment Security, Department of Commerce, is not
authorized to administer payments under the FPUC program after the effective date of this
section.

SECTION 1.(c) FPUC. – For purposes of this section, "FPUC" is the Federal
Pandemic Unemployment Compensation program authorized by section 2104, Emergency
Increase in Unemployment Compensation Benefits of the CARES Act of 2020 (P.L. 116-136),
as amended.

SECTION 1.(d) This section is effective 30 days after it becomes law.

SECTION 2.(a) G.S. 105-228.90(b)(7) reads as rewritten:

"(7) Code. – The Internal Revenue Code as enacted as of May 1, 2020, including
any provisions enacted as of that date that become effective either before or
after that ~~date~~date; however, for the purpose of the amount of any expense
deducted under the Code to the extent that payment of the expense results in
forgiveness of a covered loan pursuant to section 1106(b) of the CARES Act,
the term "Code" means the Internal Revenue Code as enacted as of January 1,
2021, including any provisions enacted as of that date that become effective
either before or after that date. The term "covered loan" has the same meaning
as defined in section 1106 of the CARES Act."

SECTION 2.(b) This section is effective for taxable years beginning on or after
January 1, 2020, and expires for taxable years beginning on or after January 1, 2022.

SECTION 3.(a) G.S. 105-130.5(a)(32) is repealed.



- 1 **SECTION 3.(b)** Effective for taxable years beginning on or after January 1, 2022,
2 G.S. 105-130.5(a)(32) is reenacted as it existed immediately before its repeal.
- 3 **SECTION 4.(a)** G.S. 105-153.5(c2)(20) is repealed.
- 4 **SECTION 4.(b)** Effective for taxable years beginning on or after January 1, 2022,
5 G.S. 105-153.5(c2)(20) is reenacted as it existed immediately before its repeal.
- 6 **SECTION 5.** G.S. 105-153.5(b) is amended by adding a new subdivision to read:
7 "(15) The amount excluded from the taxpayer's gross income for unemployment
8 compensation received by the taxpayer under section 9042 of the American
9 Rescue Plan Act of 2021."
- 10 **SECTION 6.** Except as otherwise provided, this act is effective for taxable years
11 beginning on or after January 1, 2020.