

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 1178, Committee Substitute 2nd edition

SHORT TITLE: Revenue Laws Technical Changes

SPONSOR(S): Senator Cochrane, others

FISCAL IMPACT: Expenditures: Increase (X) Decrease ()
 Revenues: Increase () Decrease ()
 No Impact ()
 No Estimate Available ()

FUND AFFECTED: General Fund () Highway Fund () Local Govt. ()
 Other Funds (X) Federal

BILL SUMMARY: The act makes technical and conforming changes to the revenue laws and related statutes and allows the voluntary withholding of income tax from unemployment compensation payments.

EFFECTIVE DATE: Except as otherwise provided in the bill, this act is effective upon ratification.

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: Department of Revenue; Employment Security Commission

FISCAL IMPACT

	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	1996-97	1997-98	1998-99	1999-00	2000-01
REVENUES:					
EXPENDITURES:	\$354,000				

POSITIONS: None

ASSUMPTIONS AND METHODOLOGY: Sections 1 through 24 are technical changes that do not affect state revenues. Section 25 was added to the bill in Senate Finance on behalf of the Employment Security Commission (ESC). By January 1, 1997, Federal law requires the ESC to offer income tax withholding to individuals receiving unemployment compensation. ESC estimates a \$354,000 one-time cost for data processing, printing and distribution of forms, and Unemployment Insurance program staff support for the change. The US Department of Labor has granted ESC \$254,250 for the program, leaving the ESC to fund the remaining \$99,750 from its existing federal allocation to administer unemployment insurance (UI) benefit claims. The ESC currently has a \$9 million surplus in UI administration funds.

SOURCES OF DATA: Legislative Research Commission's Committee on Revenue Laws; Employment Security Commission

TECHNICAL CONSIDERATIONS: ESC does not anticipate much demand for tax withholding services. No additional staff would be needed to implement this change.

FISCAL RESEARCH DIVISION

733-4910

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DATE: June 3, 1996

Official
Fiscal Research Division
Publication



Signed Copy Located in the NCGA Principal Clerk's Offices