

From: Frick, Jean Cecil <JFrick@dew.sc.gov>

To: Veldran, KatherineKatherineVeldran@gov.sc.gov

Date: 5/27/2014 2:59:50 PM

Subject: RE: S.1100

Attachments: Corporate Officers Questions for Senator Bryant.docx

This was a bill proposed by Senator Bryant under the concept that most “corporate officers” pay into a system, via their SUTA taxes, and never reap the benefits. This bill gives corporate officers the option of electing to be eligible for UI benefits and therefore pay into the system or they can elect to not be eligible for unemployment benefits and therefore not have to pay SUTA taxes, however they are still liable for FUTA taxes. It is important to note, that right now businesses have a FUTA credit, but once the loan is paid off next year, this credit will no longer be available and therefore some businesses may/will see their FUTA tax increase which will also apply to corporate officers.

In sum, this bill exempts corporate officers from being eligible for unemployment insurance benefits unless they elect to be covered by notifying the agency, therefore allowing them an exemption from paying SUTA taxes, but it is not an exemption from paying FUTA taxes.

From 2012-2013, DEW issued 268 determinations disqualifying the corporate officer and 135 determinations holding the claimant eligible for unemployment insurance benefits. (Illustrating there are scenarios where corporate officers do receive UI benefits)

DEW asked for the effective date to be amended to January 1, 2015 because there are administrative procedures that need to take place in order to implement the bill. The bill was drafted by Senate leg counsel based off of language from Washington state. The Department of Labor (DOL) has read the amended bill and says there are no conformity issues. Section C of the bill is language added by DOL to meet conformity issues.

Attached is information we provided to Senator Bryant at his request.

As this bill has moved through the legislative process, no groups spoke before the subcommittees or full committees in favor of or in opposition to the bill. However, I understand that small businesses, particularly law firms, physician offices, dental offices, ect. have been in favor.

Let me know if I can answer any additional questions or call me if you need clarity.

Thanks,

JC

From: Veldran, Katherine

Sent: Tuesday, May 27, 2014 1:42 PM

To: Frick, Jean Cecil

Subject: S.1100

Can you email be background information about S.1100 – Unemployment Insurance?

Thanks, Katherine

Katherine F. Veldran

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