

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2021**

S

3

**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

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

9 The General Assembly of North Carolina enacts:

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

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

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

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

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

23 "(7) Code. – The Internal Revenue Code as enacted as of May 1, 2020, including  
24 any provisions enacted as of that date that become effective either before or  
25 after that ~~date~~date; however, for the purpose of the amount of any expense  
26 deducted under the Code to the extent that payment of the expense results in  
27 forgiveness of a covered loan pursuant to section 1106(b) of the CARES Act,  
28 the term "Code" means the Internal Revenue Code as enacted as of January 1,  
29 2021, including any provisions enacted as of that date that become effective  
30 either before or after that date. The term "covered loan" has the same meaning  
31 as defined in section 1106 of the CARES Act."

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

34 **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.