

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
Fourth Edition Engrossed 6/3/21

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; TO APPROPRIATE TO THE DEPARTMENT
7 OF HEALTH AND HUMAN SERVICES THE SUM OF TWO HUNDRED FIFTY
8 MILLION DOLLARS FROM THE CHILD CARE AND DEVELOPMENT BLOCK
9 GRANT UNDER THE AMERICAN RESCUE PLAN ACT; AND TO EXCLUDE
10 UNEMPLOYMENT COMPENSATION FROM STATE TAXABLE INCOME TO THE
11 SAME EXTENT AS FEDERAL LAW.

12 The General Assembly of North Carolina enacts:

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

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

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

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

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

26 "(7) Code. – The Internal Revenue Code as enacted as of May 1, 2020, including
27 any provisions enacted as of that date that become effective either before or
28 after that ~~date~~.date; however, for the purpose of the amount of any expense
29 deducted under the Code to the extent that payment of the expense results in
30 forgiveness of a covered loan pursuant to section 1106(b) of the CARES Act,
31 the term "Code" means the Internal Revenue Code as enacted as of January 1,
32 2021, including any provisions enacted as of that date that become effective
33 either before or after that date. The term "covered loan" has the same meaning
34 as defined in section 1106 of the CARES Act."



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

3 **SECTION 3.(a)** G.S. 105-130.5(a)(32) is repealed.

4 **SECTION 3.(b)** Effective for taxable years beginning on or after January 1, 2022,
5 G.S. 105-130.5(a)(32) is reenacted as it existed immediately before its repeal.

6 **SECTION 4.(a)** G.S. 105-153.5(c2)(20) is repealed.

7 **SECTION 4.(b)** Effective for taxable years beginning on or after January 1, 2022,
8 G.S. 105-153.5(c2)(20) is reenacted as it existed immediately before its repeal.

9 **SECTION 5.** G.S. 105-153.5(b) is amended by adding a new subdivision to read:

10 "(15) The amount excluded from the taxpayer's gross income for unemployment
11 compensation received by the taxpayer under section 9042 of the American
12 Rescue Plan Act of 2021."

13 **SECTION 6.** There is appropriated from federal Child Care and Development Block
14 Grant funds received pursuant to the American Rescue Plan Act of 2021, P.L. 117-2, to the
15 Department of Health and Human Services, Division of Child Development and Early Education,
16 the sum of two hundred fifty million dollars (\$250,000,000) in nonrecurring funds to be used for
17 subsidized child care for eligible children.

18 **SECTION 7.** Except as otherwise provided, this act is effective for taxable years
19 beginning on or after January 1, 2020.