

NC GOVERNOR AND SENATOR FIGHT OVER UNEMPLOYMENT AGENCY



[caption id="attachment_7708" align="alignnone" width="150" caption="North Carolina Flag"]

[/caption] The governor of North

Carolina, Beverly Perdue, and her administration have announced that it will block changes to unemployment benefit guidelines approved by the General Assembly over the summer months. Lynn Holmes, the chairwoman for the Employment Security Commission, wrote the letter to legislative leaders letting them know about the block issued by governor Perdue. The suspension is happening because the new rules could push the state to non-compliance with federal laws. Employers might have had to pay a federal unemployment insurance tax of six percent on an employee's first \$7,000 of income. This number is up from the 0.6 percent that needs to be paid today. "The law that the General Assembly passed over my veto was going to cause taxes to skyrocket for North Carolina employers," Perdue said. "I refuse to sit by and allow an unnecessary tax increase on North Carolina businesses." The letter from Holmes angered at least one Republican senator from the state, Bob Rucho, who is still waiting for a report to be compiled about the \$2.5 billion in debt that the state owes to the federal government for paying during the decline of the economy. The North Carolina Commerce Department was supposed to hire an outside consulting firm to produce the report but a spokesman from the department claims that nothing has been done because of a lack of funding for the report and merger issues within the Commerce Department. "The governor's been sitting on (the study) from the day that it's passed," Rucho said in an interview. "We gave the governor the authority and the governor sat back on her hands and did nothing." In Holmes' letter, she also told businesses within the state that employers will need to pay an extra 0.3 percent because of lawmakers' ineffectiveness to find ways to reduce the \$2.5 billion debt that the state owes to the federal government. Now businesses will need to pay 0.9 percent of an employee's first \$7,000 of income and this will begin immediately. "The General Assembly has the primary authority to address how the state will repay the principal of that debt," Holmes wrote. Rucho claims that it was the commission's fault for not notifying lawmakers in the state government of the increased amount of debt at an earlier juncture and to offer their own solution. Rucho claims that Holmes wrote a political letter that is embarrassing to the administration of the state and that Holmes should be replaced as the chairwoman because of incompetence on her part and the part of the agency. Holmes and the commission took a lot of heat last year because it overpaid benefits to workers, tens of thousands of them, who were displaced. Both parties, those in favor of and those opposed to the deal, realize that most employers will need to pay higher unemployment insurance taxes.