

Fifty-eighth  
Legislative Assembly  
of North Dakota

## HOUSE BILL NO. 1096

Introduced by

Industry, Business and Labor Committee

(At the request of Job Service North Dakota)

1 A BILL for an Act to create and enact a new subdivision to subsection 2 of section 52-04-07 of  
2 the North Dakota Century Code, relating to payment of unemployment compensation benefits;  
3 to amend and reenact section 52-01-02, subdivision b of subsection 2 of section 52-04-07,  
4 sections 52-04-09 and 52-04-10, subsection 8 of section 52-06-02, and subdivision d of  
5 subsection 2 of section 52-06-04 of the North Dakota Century Code, relating to unemployment  
6 compensation records and payment of and eligibility for unemployment compensation benefits;  
7 and to provide a penalty.

8 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

9 **SECTION 1. AMENDMENT.** Section 52-01-02 of the North Dakota Century Code is  
10 amended and reenacted as follows:

11 **52-01-02. Employing unit to keep records - Reports of employing unit - ~~Inspection~~**  
12 **Public inspection prohibited - Exception - Penalty.** ~~Each employing unit shall keep true and~~  
13 ~~accurate work records containing such information as the bureau may prescribe. The records~~  
14 ~~must be open to inspection and may be copied by the bureau or its authorized representatives~~  
15 ~~at any reasonable time as often as may be necessary. The bureau or the chairman of any~~  
16 ~~appeal tribunal may require from any employing unit any sworn or unsworn reports, with respect~~  
17 ~~to persons employed by it, which the bureau, or the chairman, deems necessary for the~~  
18 ~~effective administration of the North Dakota Unemployment Compensation Law. In addition,~~  
19 ~~the bureau or the chairman of any appeal tribunal may require from any employing unit any~~  
20 ~~sworn or unsworn reports, with respect to persons employed by it, which the workers~~  
21 ~~compensation bureau deems necessary for effective administration of the North Dakota~~  
22 ~~Workers' Compensation Law set forth in title 65. Such reports must be provided to the workers~~  
23 ~~compensation bureau by the bureau or the chairman of any appeal tribunal. All records,~~  
24 including electronic records as defined in section 9-16-01, of the employers doing business in

1 this state showing or reflecting in any way upon the amount of wage expenditure by or upon  
2 payments for services performed for those employers are always open for inspection by  
3 employees of job service North Dakota who are assigned responsibility to do so for the purpose  
4 of ascertaining the correctness of the reports, wage expenditures, the number of employees,  
5 and any other information necessary for the agency to administer this title. An employer who  
6 refuses to submit the employer's records, including electronic records as defined in section  
7 9-16-01, for inspection by an identified and assigned employee of job service North Dakota is  
8 subject to a civil penalty of five hundred dollars for each offense. The agency shall collect the  
9 penalty by civil action in the name of the state and shall deposit any penalty collected under this  
10 section to the credit of the fund established by section 52-04-22. Information ~~thus~~ obtained  
11 pursuant to this section may not be published or be open to public inspection, other than to  
12 public employees in the performance of their public duties, in any manner revealing the  
13 employing unit's identity, but any claimant or the claimant's legal representative at a hearing  
14 before ~~an appeal tribunal~~ a hearing officer or the ~~bureau~~ agency must be supplied with  
15 information from such records to the extent necessary for the proper presentation of the ~~claim~~  
16 appeal.

17 **SECTION 2. AMENDMENT.** Subdivision b of subsection 2 of section 52-04-07 of the  
18 North Dakota Century Code is amended and reenacted as follows:

- 19 b. With benefits paid to an individual who ~~left~~, during the base period, either:  
20 (1) Left the employment of ~~the~~ a base-period employer voluntarily without  
21 good cause or with good cause not involving fault on the part of the  
22 base-period employer; or  
23 (2) ~~who~~ Who was discharged from employment by the base-period  
24 employer for misconduct.

25 **SECTION 3.** A new subdivision to subsection 2 of section 52-04-07 of the North Dakota  
26 Century Code is created and enacted as follows:

27 With benefits paid to an individual who is currently employed part time with  
28 that employer when the hiring agreement between the individual and the  
29 employer has not changed since the individual commenced work for that  
30 employer. This subdivision does not apply to an employee of a temporary  
31 help firm.

1           **SECTION 4. AMENDMENT.** Section 52-04-09 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3           **52-04-09. Classification of employers to determine contributions - Regulations**  
4 **governing.** An employer's rate for a calendar year must be determined on the basis of the  
5 employer's experience with contribution payments and benefit charges as of October first of the  
6 preceding year. If, when such determination is to be made, an employer has failed to file a  
7 required report or filed an insufficient report, ~~the bureau~~ job service North Dakota shall notify  
8 the employer thereof by certified mail addressed to the employer's last-known address. Unless  
9 the employer files the report or a sufficient report within fifteen days after mailing of the notice,  
10 the employer's rate for the following calendar year may not be less than the negative employer  
11 maximum rate. ~~For employers identified as belonging to industry group number 161, highway~~  
12 ~~and street construction, except elevated highways, for the effective period set forth in section~~  
13 ~~52-04-05, the employer's rate for the following calendar year may not be less than the negative~~  
14 ~~employer maximum rate plus one and one-half percent.~~ If, at any time, an employer has failed  
15 to file a required report or filed an insufficient report, ~~the bureau~~ job service North Dakota may,  
16 at any time, estimate the wage information required by the report on the basis of reasonably  
17 available evidence. ~~The bureau~~ Job service North Dakota shall notify the employer of the  
18 estimate by certified mail addressed to the employer's last-known address. Unless the  
19 employer files the report or a sufficient report within fifteen days after the mailing of the notice,  
20 the estimate becomes final for all purposes, except that if the amount of estimated wages is  
21 less than the actual wages, the bureau may reconsider the estimate.

22           **SECTION 5. AMENDMENT.** Section 52-04-10 of the North Dakota Century Code is  
23 amended and reenacted as follows:

24           **52-04-10. Contributions for ensuing year - Notification - Review.** The bureau shall  
25 ~~notify promptly~~ notify each employer of the employer's rate of contributions as determined for  
26 each ensuing year ~~not later than by the end of the first full week of December first, but not later~~  
27 ~~than December tenth,~~ of the preceding year. Such contributions must be computed pursuant to  
28 the provisions of this chapter. Such determination becomes conclusive and binding upon the  
29 employer unless, within fifteen days after the mailing of the notice thereof to the employer's  
30 last-known address, or in the absence of the mailing, within fifteen days after the delivery of  
31 such notice, the employer files an application for review and redetermination, setting forth the

1 employer's reasons therefor. If the bureau grants such review, the employer must be notified  
2 promptly thereof and must be granted an opportunity for a hearing, but no employer shall have  
3 standing, in any proceeding involving the employer's rate of contributions or contribution  
4 liability, to contest the chargeability to the employer's account of any benefits paid in  
5 accordance with a determination, redetermination, or decision pursuant to the provisions of  
6 chapter 52-06, except upon the ground that the services on the basis of which such benefits  
7 were found to be chargeable did not constitute the services performed in employment for the  
8 employer and only in the event that the employer was not a party to such determination,  
9 redetermination, or decision or to any other proceeding under this chapter in which the  
10 character of these services was determined. For purposes of this section, an employer was not  
11 a party to the determination if notice of the determination and the employer's right to appeal the  
12 determination was not mailed or personally delivered to the employer. The employer must be  
13 notified promptly of the bureau's denial of the employer's application, or of the bureau's  
14 redetermination, both of which become final unless within thirty days after the mailing of notice  
15 thereof to the employer's last-known address or in the absence of mailing, within thirty days  
16 after delivery of such notice, a petition for judicial review is filed in the district court of Burleigh  
17 County. Any proceeding before the court under the terms of this section must be had in  
18 accordance with the provisions in chapter 52-06 with respect to court review.

19 **SECTION 6. AMENDMENT.** Subsection 8 of section 52-06-02 of the North Dakota  
20 Century Code is amended and reenacted as follows:

21 8. For the week in which the individual has filed an otherwise valid claim for benefits  
22 and:

- 23 a. ~~Through the date and for~~ For one year from the date on which a determination  
24 is made that such individual has made a false statement for the purposes of  
25 obtaining benefits to which the individual was not lawfully entitled. Provided,  
26 however, that this disqualification does not apply to cases in which it appears  
27 to the satisfaction of ~~the bureau~~ job service North Dakota that the ~~said~~ false  
28 statement was made by reason of a mistake or misunderstanding of law or of  
29 facts without fraudulent intent; or  
30 b. For one year when the individual has been separated from the individual's last  
31 employment because of gross misconduct in connection with work.

1           **SECTION 7. AMENDMENT.** Subdivision d of subsection 2 of section 52-06-04 of the  
2 North Dakota Century Code is amended and reenacted as follows:

3           d. ~~This provision does not apply if, at the time of the claim, such ownership~~  
4 ~~interest has been ceded.~~ The exceptions in subdivisions a, b, and c do not  
5 apply if, at the time of making the claim, the ownership interest described in  
6 those subdivisions has been ceded. An ownership interest is ceded within the  
7 meaning of this subdivision if:

8           (1) The appropriate official of the partnership, corporation, or limited liability  
9 company has officially filed articles of dissolution, a notice of intent to  
10 dissolve, or a notice of termination with the secretary of state, and  
11 presents proof of that filing to job service North Dakota;

12           (2) The appropriate official of the corporation has received a certificate of  
13 dissolution from the secretary of state;

14           (3) The partnership, corporation, or limited liability company has sold or  
15 otherwise transferred to uninvolved third parties substantially all the  
16 assets of the partnership, corporation, or limited liability company with  
17 an intent to end the business operation and terminate or dissolve the  
18 partnership, corporation, or limited liability company. As used in this  
19 subdivision, "uninvolved third parties" excludes all relatives of the  
20 partners, directors, members of a board of governors, or substantial  
21 stockholders or holders of a substantial membership interest in a limited  
22 liability company; and excludes any corporation, limited liability  
23 company, or partnership, in which the relative holds a one-fourth or  
24 greater ownership interest. As used in this paragraph, "relative" means  
25 the following persons whether related by blood, marriage, or adoption:  
26 grandparents, parents, siblings, spouses, children, grandchildren,  
27 uncles, aunts, and first cousins; or

28           (4) Substantially all of the assets of the partnership, corporation, or limited  
29 liability company have been legally seized by creditors rendering the  
30 business incapable of further operation.