

**Fifty-seventh Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 9, 2001**

HOUSE BILL NO. 1251
(Representative Keiser)

AN ACT to create and enact a new subdivision to subsection 18 of section 52-01-01 of the North Dakota Century Code, relating to unemployment compensation treatment of partnerships and limited liability companies; and to amend and reenact subsection 14 and paragraph 2 of subdivision a of subsection 17 of section 52-01-01 of the North Dakota Century Code, relating to unemployment compensation coverage of managers of limited liability companies.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 14 of section 52-01-01 of the North Dakota Century Code is amended and reenacted as follows:

14. "Employee" means every individual, whether ~~male, female,~~ citizen, alien, or minor, who performs services for an employer in an employment subject to the North Dakota Unemployment Compensation Law and includes an officer of a corporation and a manager of a limited liability company that is treated as a corporation for purposes of federal income taxation or a manager of a limited liability company who is not a member.

SECTION 2. AMENDMENT. Paragraph 2 of subdivision a of subsection 17 of section 52-01-01 of the North Dakota Century Code is amended and reenacted as follows:

- (2) ~~Any manager~~ Certain managers of a limited liability company companies. If a limited liability company manager is employed by ~~the~~ a limited liability company in which one-fourth or more of the ownership interest, however designated, is owned or controlled by the manager or by the manager's parent, child, spouse, or by any combination of them, the limited liability company with the concurrence of the manager may exclude that manager's service from employment as of the first day of January of any calendar year if, during January of that year, the limited liability company files a written application to exclude the manager's service from employment. This exclusion from employment does not apply to any limited liability company that is wholly owned by or operates as an Indian tribe, state or local government, or nonprofit organization with respect to services performed for those entities which are required by federal law to be covered under the North Dakota unemployment compensation law.

SECTION 3. A new subdivision to subsection 18 of section 52-01-01 of the North Dakota Century Code is created and enacted as follows:

Service performed by an owner of a general partnership, limited partnership, limited liability partnership, limited liability limited partnership, or a limited liability company, unless the organization is treated as a corporation for purposes of federal income taxation.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Fifty-seventh Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1251.

House Vote: Yeas 79 Nays 17 Absent 2

Senate Vote: Yeas 49 Nays 0 Absent 0

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2001.

Approved at _____ M. on _____, 2001.

Governor

Filed in this office this _____ day of _____, 2001,

at _____ o'clock _____ M.

Secretary of State