COMMITTEE REPORT

May 15, 2014

**S. 1100**

Introduced by Senators Bryant, Sheheen, Young and Setzler

S. Printed 5/15/14--H. [SEC 5/19/14 2:01 PM]

Read the first time April 9, 2014.

**THE COMMITTEE ON**

**LABOR, COMMERCE AND INDUSTRY**

To whom was referred a Bill (S. 1100) to amend Article 3, Chapter 27, Title 41 of the 1976 Code, relating to definitions concerning unemployment benefits and claims, by adding Section 41‑27‑265, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, Section 41‑27‑265(A), as contained in SECTION 1, page 1, line 31, by deleting / Services / and inserting / Solely for purposes of this title, services /.

Amend the bill further, SECTION 1, by deleting / This act takes effect upon approval of the Governor. / and inserting / This act takes effect January 1, 2015. /

Renumber sections to conform.

Amend title to conform.

WILLIAM E. SANDIFER III for Committee.

**A** **BILL**

TO AMEND ARTICLE 3, CHAPTER 27, TITLE 41 OF THE 1976 CODE, RELATING TO DEFINITIONS CONCERNING UNEMPLOYMENT BENEFITS AND CLAIMS, BY ADDING SECTION 41‑27‑265, TO PROVIDE THAT CORPORATE OFFICERS ARE EXEMPT FROM UNEMPLOYMENT BENEFITS UNLESS THE EMPLOYER ELECTS COVERAGE, AND TO PROVIDE FOR THE PROCESS OF ELECTING COVERAGE, AND TO PROVIDE FOR FEDERALLY REQUIRED EXEMPTIONS FROM THE PROVISIONS OF THIS SECTION FOR INDIVIDUALS EMPLOYED BY AN INDIAN TRIBE AND RELIGIOUS, CHARITABLE, EDUCATIONAL, OR OTHER FEDERALLY DEFINED ORGANIZATIONS.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Article 3, Chapter 27, Title 41 of the 1976 Code is amended by adding:

“Section 41‑27‑265. (A) Services performed by a person appointed or otherwise serving as an officer for a corporation pursuant to Article 4, Chapter 8, Title 33 shall not be considered services in employment. However, a corporation may elect to cover not less than all of its corporate officers under subsection (B). If an employer does not elect to cover its corporate officers under subsection (B), the employer must notify its corporate officers in writing that they are ineligible for unemployment benefits. However, if the employer fails to provide notice, the individual’s status as a corporate officer is unchanged and the person remains ineligible for unemployment benefits.

(B) An employer may elect to cover its corporate officers by providing the department with a written election that all services performed by its corporate officers shall be deemed to constitute employment for all purposes related to Chapters 27 through 41 of this title for at least two calendar years. Upon written approval of the election by the department, the services shall be deemed to constitute employment for purposes of Chapters 27 through 41 of this title on and after the date of approval. Services covered under this subsection shall cease to be deemed employment as of January first of any calendar year subsequent to the two calendar year period, only if the employer files a written application for termination of coverage with the department before January fifteenth of that year.

(C)(1) Services performed by an individual employed by a religious, charitable, educational, or other organization which is excluded from the term ‘employment’ as defined in the federal Unemployment Tax Act solely by reason of Section 3306(c)(8) of that act are not subject to the provisions of this section.

(2) Services performed by an individual employed by an Indian tribe, as defined in Section 3306(u) of the federal Unemployment Tax Act, provided that the service is excluded from the term ‘employment’ as defined in the federal Unemployment Tax Act solely by reason of Section 3306(c)(7) of that act are not subject to the provisions of this section.”

SECTION 2. This act takes effect upon approval by the Governor.

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