

HOUSE BILL NO. 1251
with Senate Amendments

Fifty-seventh
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1251

Introduced by

Representative Keiser

1 A BILL for an Act to create and enact a new subdivision to subsection 18 of section 52-01-01 of
2 the North Dakota Century Code, relating to unemployment compensation treatment of
3 partnerships and limited liability companies; and to amend and reenact subsection 14 and
4 paragraph 2 of subdivision a of subsection 17 of section 52-01-01 of the North Dakota Century
5 Code, relating to unemployment compensation coverage of managers of limited liability
6 companies.

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

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

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

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

18 (2) ~~Any manager~~ Certain managers of a limited liability ~~company~~
19 companies. If a limited liability company manager is employed by ~~the a~~
20 limited liability company in which one-fourth or more of the ownership
21 interest, however designated, is owned or controlled by the manager or
22 by the manager's parent, child, spouse, or by any combination of them,
23 the limited liability company with the concurrence of the manager may
24 exclude that manager's service from employment as of the first day of

1 January of any calendar year if, during January of that year, the limited
2 liability company files a written application to exclude the manager's
3 service from employment. This exclusion from employment does not
4 apply to any limited liability company that is wholly owned by or
5 operates as an Indian tribe, state or local government, or nonprofit
6 organization with respect to services performed for those entities which
7 are required by federal law to be covered under the North Dakota
8 unemployment compensation law.

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

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