

EMPLOYMENT SECURITY COMMISSION OF NORTH CAROLINA  
RALEIGH, NORTH CAROLINA

**INTERPRETATION NO. 221**

TO: R. Fuller Martin, Director

FROM: D. G. Ball, Chief Counsel

RE: Interpretation of Sections 96-8(5)k, 96-8(5)a, and 96-8(6)g.17., (iv) of the Employment Security Law of North Carolina – Vocational Workshop - Rehabilitation Facility

X Corporation, a charitable organization, operates a vocational workshop for the purpose of carrying on a program of rehabilitation for handicapped workers. The corporation provides such individuals with remunerative employment. The corporation has a staff of eleven individuals who operate or administer the rehabilitation program. It appears to the corporation for its operation besides the money received from sales and contract work.

It is not shown whether the nonprofit corporation is exempt from income tax under Section 501(a) of the Internal Revenue Code of 1954. However, it appears that this type of operation would be exempt from Federal income tax. If so, liability would be established under G.S. 96-8(5)k. If not, liability would attach under G. S. 96-8 (5) a., because the corporation has eleven regular employees on which contributions must be paid.

The services performed by the handicapped employees are exempt under G.S. 96-8(6)g.17.(iv).

Adopted as an official Interpretation of the Commission on November 23, 1971.