



House of Representatives

File No. 704

General Assembly

February Session, 2004

(Reprint of File No. 220)

House Bill No. 5399
As Amended by House Amendment
Schedules "A", "B" and "C"

Approved by the Legislative Commissioner
May 1, 2004

AN ACT CONCERNING CONTRIBUTIONS DUE THE UNEMPLOYMENT COMPENSATION FUND.

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 31-266c of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2004*):

3 (a) The administrator, upon the advice of the Attorney General, may
4 abate any contributions due under this chapter which have been found
5 by [him] the administrator to be uncollectible.

6 (b) The administrator or the administrator's duly authorized agent
7 may make or entertain an offer of compromise for any contributions
8 due under this chapter if such offer is based upon doubt as to the
9 employer's liability for the amount in controversy or doubt as to the
10 collectibility of such amount. For purposes of this section, doubt as to
11 the employer's liability for the amount in controversy exists if there is a
12 genuine dispute as to the existence or amount of the employer's
13 liability under this chapter, and doubt as to the collectibility of such
14 amount exists if the employer's assets and income are less than the full

15 amount of the employer's debts, obligations and liabilities under state
16 or federal law.

This act shall take effect as follows:	
Section 1	<i>July 1, 2004</i>

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Labor Dept.	Unemployment Compensation Fund - Revenue Gain	Significant	Significant

Municipal Impact: None

Explanation

At present when contributions are due to the unemployment compensation fund the Department of Labor (DOL) has no ability to collect less than one hundred percent payment; current law allows the fund to collect all or nothing. This bill will allow the commissioner to compromise and recover a percentage of the amount due. The revenue gain to the unemployment compensation fund will be significant.

House "A" clarifies language with regards to the employer's liability for the amount in controversy and has no fiscal impact.

House "B" eliminates the social security offset for individuals receiving unemployment compensation resulting in a significant cost to the Unemployment Compensation Fund.

House "C" strikes the language and associated fiscal impacts in House "A" and House "B" and clarifies language in the bill with regards to the employer's liability for the amount in controversy due the unemployment compensation fund. This will result in no fiscal impact to the state.

OLR BILL ANALYSIS

HB 5399 (as amended by House "A", "B", and "C")*

AN ACT CONCERNING CONTRIBUTIONS DUE THE UNEMPLOYMENT COMPENSATION FUND**SUMMARY:**

This bill authorizes the labor commissioner or his agent to make or consider a compromise offer for overdue unemployment compensation taxes if the offer is due to doubt over (1) the correct amount the employer owes or (2) the collectibility of the full amount. Under the bill, doubt over the correct amount owed exists if there is a genuine dispute as to the existence or amount of the employer's liability under the unemployment statutes. Doubt over collectibility exists if the employer's assets and income are less than the full amount of its debts, obligations, and liabilities under state or federal law.

By law, the commissioner can place a lien on an employer's real or personal property to collect overdue taxes or forgive overdue taxes that he determines are uncollectible.

*House Amendment "A" adds the definitions for doubt over the employer's liability and doubt over the collectibility of the amount due.

*House Amendment "B" added a provision that eliminated the unemployment compensation benefit reduction for individuals receiving a Social Security pension.

*House Amendment "C" strikes House "B."

EFFECTIVE DATE: July 1, 2004

BACKGROUND***Legislative History***

On April 14, the House adopted Amendments "A" and "B" and referred the bill to the Appropriations Committee. On April 21, Appropriations reported the bill favorably with no changes. On April

30, the House adopted Amendment "C" and passed the bill as amended.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Report
Yea 14 Nay 0

Appropriations Committee

Joint Favorable Report
Yea 36 Nay 11