



House of Representatives

General Assembly

File No. 104

February Session, 2008

Substitute House Bill No. 5482

House of Representatives, March 20, 2008

The Committee on Labor and Public Employees reported through REP. RYAN, K. of the 139th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT INCREASING THE WAGE THRESHOLD FOR CHARGING AN EMPLOYER'S ACCOUNT UNDER THE UNEMPLOYMENT COMPENSATION SYSTEM.

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

1 Section 1. Subdivision (1) of subsection (c) of section 31-225a of the
2 2008 supplement to the general statutes is repealed and the following
3 is substituted in lieu thereof (*Effective October 1, 2008*):

4 (c) (1) (A) Any week for which the employer has compensated the
5 claimant in the form of wages in lieu of notice, dismissal payments or
6 any similar payment for loss of wages shall be considered a week of
7 employment for the purpose of determining employer chargeability.
8 (B) No benefits shall be charged to any employer who paid wages of
9 two thousand five hundred dollars or less to the claimant in his base
10 period. (C) No dependency allowance paid to a claimant shall be
11 charged to any employer. (D) In the event of a natural disaster
12 declared by the President of the United States, no benefits paid on the

13 basis of total or partial unemployment which is the result of physical
14 damage to a place of employment caused by severe weather conditions
15 including, but not limited to, hurricanes, snow storms, ice storms or
16 flooding, or fire except where caused by the employer, shall be
17 charged to any employer. (E) If the administrator finds that (i) an
18 individual's most recent separation from a base period employer
19 occurred under conditions which would result in disqualification by
20 reason of subdivision (2), (6) or (9) of subsection (a) of section 31-236 of
21 the 2008 supplement to the general statutes, or (ii) an individual was
22 discharged for violating an employer's drug testing policy, provided
23 the policy has been adopted and applied consistent with sections 31-
24 51t to 31-51aa, inclusive, section 14-261b of the 2008 supplement to the
25 general statutes and any applicable federal law, no benefits paid
26 thereafter to such individual with respect to any week of
27 unemployment which is based upon wages paid by such employer
28 with respect to employment prior to such separation shall be charged
29 to such employer's account, provided such employer shall have filed a
30 notice with the administrator within the time allowed for appeal in
31 section 31-241. (F) No base period employer's account shall be charged
32 with respect to benefits paid to a claimant if such employer continues
33 to employ such claimant at the time the employer's account would
34 otherwise have been charged to the same extent that he employed him
35 during the individual's base period, provided the employer shall
36 notify the administrator within the time allowed for appeal in section
37 31-241. (G) If a claimant has failed to accept suitable employment
38 under the provisions of subdivision (1) of subsection (a) of section 31-
39 236 of the 2008 supplement to the general statutes and the
40 disqualification has been imposed, the account of the employer who
41 makes an offer of employment to a claimant who was a former
42 employee shall not be charged with any benefit payments made to
43 such claimant after such initial offer of reemployment until such time
44 as such claimant resumes employment with such employer, provided
45 such employer shall make application therefor in a form acceptable to
46 the administrator. The administrator shall notify such employer
47 whether or not his application is granted. Any decision of the

48 administrator denying suspension of charges as herein provided may
 49 be appealed within the time allowed for appeal in section 31-241. (H)
 50 Fifty per cent of benefits paid to a claimant under the federal-state
 51 extended duration unemployment benefits program established by the
 52 federal Employment Security Act shall be charged to the experience
 53 accounts of the claimant's base period employers in the same manner
 54 as the regular benefits paid for such benefit year. (I) No base period
 55 employer's account shall be charged with respect to benefits paid to a
 56 claimant who voluntarily left suitable work with such employer (i) to
 57 care for a seriously ill spouse, parent or child, or (ii) due to the
 58 discontinuance of the transportation used by the claimant to get to and
 59 from work, as provided in subparagraphs (A)(ii) and (A)(iii) of
 60 subdivision (2) of subsection (a) of section 31-236 of the 2008
 61 supplement to the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2008</i>	31-225a(c)(1)

LAB *Joint Favorable Subst.*

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 chamber thereof for any purpose:

OFA Fiscal Note

State Impact: See Below

Municipal Impact: See Below

Explanation

The bill does not impact the total revenue of the Unemployment Compensation Fund. The bill increases, from \$500 to \$2,500, the amount of each employee's wages that are not charged toward an employer's experience rating. It is estimated that \$4.0 million will be shifted and incorporated into the calculation of the unemployment compensation fund solvency tax rate, which is charged to all employers when calculating their unemployment tax rate. The \$4.0 million represents .78% of the fund, which contained a balance of \$507.3 million as of February 29, 2008.

Since the state and municipalities represent a small portion of unemployment claims (.74% and 2.0% respectively) the impact of the bill is expected to be minimal.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 5482*****AN ACT INCREASING THE WAGE THRESHOLD FOR CHARGING AN EMPLOYER'S ACCOUNT UNDER THE UNEMPLOYMENT COMPENSATION SYSTEM.*****SUMMARY:**

This bill increases, from \$500 to \$2,500, the amount of each employee's wages that is not charged toward an employer's experience account under the unemployment compensation system. This means that if a former employee collects benefits from a work period that includes the first \$2,500 in pay, benefits derived from that \$2,500 will not be added in the employer's experience account. The experience account tracks all of the unemployment benefits an employer's former employees receive from the system. The higher an employer's experience account, the higher its unemployment tax.

The change would not affect such employee's eligibility for unemployment compensation. But the longer time not covered by an individual employer's tax rate would be covered by all employers in the form of the unemployment compensation fund solvency tax rate.

EFFECTIVE DATE: October 1, 2008

BACKGROUND***Unemployment Tax Rates***

The unemployment tax rate is calculated for each employer. It is determined by adding an employer's individual experience rate (determined by the experience account) and the overall unemployment system solvency rate.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 11 Nay 0 (03/04/2008)