



Senate

General Assembly

File No. 47

January Session, 2009

Substitute Senate Bill No. 80

Senate, March 10, 2009

The Committee on Labor and Public Employees reported through SEN. PRAGUE of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING ELECTRONIC UNEMPLOYMENT COMPENSATION PAYMENTS.

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

1 Section 1. Subdivision (4) of subsection (j) of section 31-225a of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective January 1, 2010*):

4 (4) Commencing with the first calendar quarter of 2009, each
5 employer subject to this chapter who makes contributions or payments
6 in lieu of contributions for [two hundred fifty] one hundred or more
7 employees receiving wages in employment subject to this chapter, and
8 each person or organization that, as an agent, makes contributions or
9 payments in lieu of contributions for a total of [two hundred fifty] one
10 hundred or more employees receiving wages in employment subject to
11 this chapter on behalf of one or more employers subject to this chapter
12 shall make such contribution or payment in lieu of contributions
13 electronically.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2010</i>	31-225a(j)(4)

LAB *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 10 \$	FY 11 \$
Labor Dept.	UCF - Revenue Gain	15, 125	30,250

Note: UCF=Unemployment Compensation Fund

Municipal Impact: None

Explanation

The bill requires the electronic payment of unemployment taxes, starting the first calendar quarter of FY 10, by all employers with 100 or more employees who pay unemployment compensation taxes, or make payments in lieu of taxes.

The bill will result in additional revenue to the fund based on increased interest earnings. Due to the fact that payments will be received earlier because of decreased processing time, it is estimated that such payments will accrue interest for seven additional days each quarter. Based on the FY 08 tax bills of employers who would now make electronic payments, the interest earned is estimated to be \$15, 125 in FY 10 and \$30,250 in FY 11.

Background

PA 08-60, "AAC Electronic Unemployment Compensation Tax Payments," required employers with 250 or more employees to pay electronically.

The Out Years

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

OLR Bill Analysis**sSB 80*****AN ACT CONCERNING ELECTRONIC UNEMPLOYMENT
COMPENSATION PAYMENTS.*****SUMMARY:**

This bill requires all employers with 100 or more employees who pay unemployment compensation taxes, or make payments in lieu of taxes, to make the payments electronically. A 2008 Law required employers with 250 or more employees to pay electronically.

EFFECTIVE DATE: January 1, 2010

BACKGROUND***Nonprofits and Municipalities***

By law, some employers, such as nonprofits and municipalities, are given the option of paying unemployment taxes or reimbursing the unemployment compensation fund through payments in lieu of taxes to cover the amount of benefits paid to former employees.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 11 Nay 0 (02/26/2009)