



House of Representatives

File No. 832

General Assembly

January Session, 2013

(Reprint of File No. 133)

Substitute House Bill No. 6451
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 20, 2013

**AN ACT IMPROVING THE TIMELINESS AND EFFICIENCY OF THE
DEPARTMENT OF LABOR'S UNEMPLOYMENT INSURANCE TAX
OPERATIONS.**

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

1 Section 1. Section 31-223 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2013*):

3 (a) Every employer who was subject to this chapter immediately
4 prior to January 1, 1980, shall continue to be so subject. An employer
5 not previously subject to this chapter shall become subject to this
6 chapter as follows: (1) An employer subject to the Federal
7 Unemployment Tax Act for any year shall be subject to the provisions
8 of this chapter from the beginning of such year if he had one or more
9 employees in his employment in the state of Connecticut in such year;
10 (2) an employer who acquires substantially all of the assets,
11 organization, trade or business of another employer who at the time of
12 such acquisition was subject to this chapter shall immediately become
13 subject to this chapter as a successor employer; (3) an employer who,
14 after December 31, 1973, (A) in any calendar quarter in either the

15 current or preceding calendar year paid wages for services in
16 employment of one thousand five hundred dollars or more, or (B) for
17 some portion of a day in each of twenty different calendar weeks,
18 whether or not such weeks were consecutive, in either the current or
19 the preceding calendar year, had in employment at least one
20 individual irrespective of whether the same individual was in
21 employment in each such day; (4) an employer for which service in
22 employment as defined in subdivision (1) (C) of subsection (a) of
23 section 31-222 is performed after December 31, 1971; (5) an employer
24 for which service in employment as defined in subdivision (1) (D) of
25 said subsection (a) is performed after December 31, 1971; (6) an
26 employer which, together with one or more other employers, is owned
27 or controlled, by legally enforceable means or otherwise, directly or
28 indirectly by the same interests, or which owns or controls, by legally
29 enforceable means or otherwise, one or more other employers, and
30 which, if treated as a single unit or entity with such other employers or
31 interests, or both, would be an employer under subdivision (3) of this
32 subsection and subparagraphs (H) and (J) of subdivision (1) of
33 subsection (a) of section 31-222; (7) any employer, not defined as such
34 by any other subdivision of this subsection, (A) for which, within
35 either the current or preceding calendar year, service is or was
36 performed with respect to which such employer is liable for any
37 federal tax against which credit may be taken for contributions
38 required to be paid into a state unemployment fund, or (B) which, as a
39 condition for approval of this chapter for full tax credit against the tax
40 imposed by the federal Unemployment Tax Act, is required, pursuant
41 to such federal act, to be an "employer" under this chapter; (8) an
42 employer which, having become an employer under any of
43 subdivisions (1) to (7), inclusive, of this subsection, has not, under
44 subsection (c) ceased to be an employer subject to this chapter; (9) for
45 the effective period of its election pursuant to subsection (b), an
46 employer which has elected to become subject to this chapter. In
47 determining whether an employer in question shall be considered, for
48 the purposes of this section, as having had a particular number of
49 employees in his employment at a given time, there shall be counted,

50 in addition to his own employees, if any, (A) the employees of each
51 employer whose business was at the given time owned or controlled,
52 directly or indirectly, by the same interests which owned or controlled
53 the business of the employer in question, and (B) the employees of
54 each employer, substantially all of whose assets, organization, trade or
55 business has, after the given time during the same calendar year, been
56 acquired by the employer in question. If an employer shall contract
57 with or shall have under him any contractor or subcontractor for any
58 work which is part of said employer's usual trade, occupation,
59 profession or business, and which is performed in, on or about the
60 premises under such employer's control, and if such contractor or
61 subcontractor shall not be subject to this chapter, such employer shall,
62 for all the purposes of this chapter, be deemed to employ each
63 individual in the employ of such contractor or subcontractor for each
64 day during which such individual is engaged solely in performing
65 such work; but this provision shall not prevent such employer from
66 recovering from such contractor or subcontractor the amount of any
67 contributions he may be required by this chapter to pay with respect to
68 wages of such individuals for such work.

69 (b) Any employer not so subject to this chapter may accept the
70 provisions of this chapter and become in all respects subject thereto by
71 agreeing in writing filed with the administrator to pay the
72 contributions required from employers subject to this chapter. Any
73 employer with persons in his employ engaged in one or more of the
74 types of service specified in subdivision (5) of subsection (a) of section
75 31-222, except the service described by subparagraph (A) thereof, may
76 elect that the provisions of this chapter apply to such services by
77 agreeing in writing filed with the administrator to pay the
78 contributions on wages for such services. Any employer defined in
79 subdivision (1) (D) or (E) of subsection (a) of section 31-222 or (5) (F) or
80 (L) of said section may elect either to pay the contributions on wages
81 for services or to finance benefits on a reimbursable basis, by paying
82 into the Unemployment Compensation Fund an amount equivalent to
83 the amount of benefits paid out to claimants who during the applicable

84 period were paid wages by the employer concerned, said election to be
85 made in writing to the administrator in accordance with the provisions
86 of subsection (g) of section 31-225. Any employer may revoke
87 acceptance of voluntary liability at the end of any calendar year
88 following the calendar year in which he made such acceptance if he
89 gives written notice to the administrator, accompanied by proof
90 satisfactory to the administrator that he has paid all contributions due
91 under the provisions of this chapter and that he has notified his
92 employees of his intention to revoke such acceptance; such application
93 to revoke acceptance shall be submitted within thirty days after the
94 end of a calendar year and the administrator shall render his decision
95 on such application within sixty days after submission thereof and
96 such revocation of acceptance shall be effective on the thirty-first day
97 of December next preceding the giving of written notice from the
98 administrator to the employer that he is satisfied with such proofs.

99 (c) An employer may cease to be subject to this chapter at the end of
100 any calendar year following the calendar year in which he became
101 subject to this chapter if he gives written notice to the administrator,
102 accompanied by proof satisfactory to the administrator that he has not
103 employed one employee for at least thirteen weeks during the next-
104 preceding fifteen months, that he is not subject to the Federal
105 Unemployment Tax Act, and that he has notified his employees of his
106 intention to cease to be subject to this chapter; such application for
107 release shall be submitted within thirty days after the end of a calendar
108 year and the administrator shall render his decision on such
109 application within sixty days after submission thereof and the
110 employer shall cease to be subject to this chapter on the thirty-first day
111 of December next preceding the giving of written notice from the
112 administrator to the employer that he is satisfied with such proofs. The
113 administrator shall waive the requirement for an application for
114 release whenever it shall appear that the employer was unable to
115 comply with such requirement for the reason that, at the time when he
116 had qualified for release from liability under the provisions of this
117 chapter, he was in good faith not aware of the fact that he was subject

118 to the provisions of this chapter. An employer who discontinues his
119 business and enters the armed forces of the United States shall cease
120 immediately to be subject to this chapter.

121 (d) For the purposes of subdivisions (5) and (7) of subsection (a),
122 employment shall include service which would constitute employment
123 but for the fact that such service is deemed to be performed entirely
124 within another state pursuant to an election under an arrangement
125 entered into with such state by the administrator and an agency
126 charged with the administration of any other state or federal
127 unemployment compensation law.

128 (e) For the purposes of subdivisions (3)(B) and (5) of subsection (a),
129 in respect to any week including both December thirty-first and
130 January first, the days of that week to and including December thirty-
131 first shall be deemed one calendar week, and the days beginning and
132 including January first another such week.

133 (f) Any employer not previously subject to this chapter, that
134 becomes subject to this chapter pursuant to subsection (a) or (b) of this
135 section, shall provide electronic notice of the same to the administrator,
136 in a manner prescribed by the administrator, not later than thirty days
137 after becoming subject to this chapter.

138 (g) Any employer acquiring substantially all of the assets,
139 organization, trade or business of another employer subject to this
140 chapter shall provide electronic notice of such acquisition to the
141 administrator, in a manner prescribed by the administrator, not later
142 than thirty days after such acquisition. For purposes of this subsection,
143 trade or business includes an employer's employees.

144 (h) Any employer that fails to provide electronic notice as required
145 by subsections (f) and (g) of this section shall be liable to the
146 administrator for a civil penalty of fifty dollars for each violation.

147 Sec. 2. Section 31-225a of the general statutes is repealed and the
148 following is substituted in lieu thereof (*Effective October 1, 2013*):

149 (a) As used in this chapter, "qualified employer" means each
150 employer subject to this chapter whose experience record has been
151 chargeable with benefits for at least one full experience year, with the
152 exception of employers subject to a flat entry rate of contributions as
153 provided under subsection (d) of this section, employers subject to the
154 maximum contribution rate under subsection (c) of section 31-273, and
155 reimbursing employers; "contributing employer" means an employer
156 who is assigned a percentage rate of contribution under the provisions
157 of this section; "reimbursing employer" means an employer liable for
158 payments in lieu of contributions as provided under section 31-225;
159 "benefit charges" means the amount of benefit payments charged to an
160 employer's experience account under this section; "computation date"
161 means June thirtieth of the year preceding the tax year for which the
162 contribution rates are computed; "tax year" means the calendar year
163 immediately following the computation date; "experience year" means
164 the twelve consecutive months ending on June thirtieth; and
165 "experience period" means the three consecutive experience years
166 ending on the computation date, except that if the employer's account
167 has been chargeable with benefits for less than three years, the
168 experience period shall consist of the greater of one or two consecutive
169 experience years ending on the computation date.

170 (b) (1) The administrator shall maintain for each employer, except
171 reimbursing employers, an experience account in accordance with the
172 provisions of this section. (2) With respect to each benefit year
173 commencing on or after July 1, 1978, regular and additional benefits
174 paid to an individual shall be allocated and charged to the accounts of
175 the employers who paid him wages in his base period in accordance
176 with the following provisions: The initial determination establishing a
177 claimant's weekly benefit rate and maximum total benefits for his
178 benefit year shall include, with respect to such claimant and such
179 benefit year, a determination of the maximum liability for such
180 benefits of each employer who paid wages to the claimant in his base
181 period. An employer's maximum total liability for such benefits with
182 respect to a claimant's benefit year shall bear the same ratio to the

183 maximum total benefits payable to the claimant as the total wages paid
184 by the employer to the claimant within his base period bears to the
185 total wages paid by all employers to the claimant within his base
186 period. This ratio shall also be applied to each benefit payment. The
187 amount thus determined, rounded to the nearest dollar with fractions
188 of a dollar of exactly fifty cents rounded upward, shall be charged to
189 the employer's account.

190 (c) (1) (A) Any week for which the employer has compensated the
191 claimant in the form of wages in lieu of notice, dismissal payments or
192 any similar payment for loss of wages shall be considered a week of
193 employment for the purpose of determining employer chargeability.
194 (B) No benefits shall be charged to any employer who paid wages of
195 five hundred dollars or less to the claimant in his base period. (C) No
196 dependency allowance paid to a claimant shall be charged to any
197 employer. (D) In the event of a natural disaster declared by the
198 President of the United States, no benefits paid on the basis of total or
199 partial unemployment which is the result of physical damage to a
200 place of employment caused by severe weather conditions including,
201 but not limited to, hurricanes, snow storms, ice storms or flooding, or
202 fire except where caused by the employer, shall be charged to any
203 employer. (E) If the administrator finds that (i) an individual's most
204 recent separation from a base period employer occurred under
205 conditions which would result in disqualification by reason of
206 subdivision (2), (6) or (9) of subsection (a) of section 31-236, or (ii) an
207 individual was discharged for violating an employer's drug testing
208 policy, provided the policy has been adopted and applied consistent
209 with sections 31-51t to 31-51aa, inclusive, section 14-261b and any
210 applicable federal law, no benefits paid thereafter to such individual
211 with respect to any week of unemployment which is based upon
212 wages paid by such employer with respect to employment prior to
213 such separation shall be charged to such employer's account, provided
214 such employer shall have filed a notice with the administrator within
215 the time allowed for appeal in section 31-241. (F) No base period
216 employer's account shall be charged with respect to benefits paid to a

217 claimant if such employer continues to employ such claimant at the
218 time the employer's account would otherwise have been charged to the
219 same extent that he employed him during the individual's base period,
220 provided the employer shall notify the administrator within the time
221 allowed for appeal in section 31-241. (G) If a claimant has failed to
222 accept suitable employment under the provisions of subdivision (1) of
223 subsection (a) of section 31-236 and the disqualification has been
224 imposed, the account of the employer who makes an offer of
225 employment to a claimant who was a former employee shall not be
226 charged with any benefit payments made to such claimant after such
227 initial offer of reemployment until such time as such claimant resumes
228 employment with such employer, provided such employer shall make
229 application therefor in a form acceptable to the administrator. The
230 administrator shall notify such employer whether or not his
231 application is granted. Any decision of the administrator denying
232 suspension of charges as herein provided may be appealed within the
233 time allowed for appeal in section 31-241. (H) Fifty per cent of benefits
234 paid to a claimant under the federal-state extended duration
235 unemployment benefits program established by the federal
236 Employment Security Act shall be charged to the experience accounts
237 of the claimant's base period employers in the same manner as the
238 regular benefits paid for such benefit year. (I) No base period
239 employer's account shall be charged with respect to benefits paid to a
240 claimant who voluntarily left suitable work with such employer (i) to
241 care for a seriously ill spouse, parent or child or (ii) due to the
242 discontinuance of the transportation used by the claimant to get to and
243 from work, as provided in subparagraphs (A)(ii) and (A)(iii) of
244 subdivision (2) of subsection (a) of section 31-236.

245 (2) All benefits paid which are not charged to any employer shall be
246 pooled.

247 (3) The noncharging provisions of this chapter, except subdivisions
248 (1)(D) and (1)(F) of this subsection, shall not apply to reimbursing
249 employers.

250 (d) The standard rate of contributions shall be five and four-tenths
 251 per cent. Each employer who has not been chargeable with benefits, for
 252 a sufficient period of time to have his rate computed under this section
 253 shall pay contributions at a rate that is the higher of (1) one per cent, or
 254 (2) the state's five-year benefit cost rate. For purposes of this
 255 subsection, the state's five-year benefit cost rate shall be computed
 256 annually on or before June thirtieth and shall be derived by dividing
 257 the total dollar amount of benefits paid to claimants under this chapter
 258 during the five consecutive calendar years immediately preceding the
 259 computation date by the five-year payroll during the same period. If
 260 the resulting quotient is not an exact multiple of one-tenth of one per
 261 cent, the five-year benefit cost rate shall be the next higher such
 262 multiple.

263 (e) (1) As of each June thirtieth, the administrator shall determine
 264 the charged tax rate for each qualified employer. Said rate shall be
 265 obtained by calculating a benefit ratio for each qualified employer. The
 266 employer's benefit ratio shall be the quotient obtained by dividing the
 267 total amount chargeable to the employer's experience account during
 268 the experience period by the total of his taxable wages during such
 269 experience period which have been reported by the employer to the
 270 administrator on or before the following September thirtieth. The
 271 resulting quotient, expressed as a per cent, shall constitute the
 272 employer's charged tax rate. If the resulting quotient is not an exact
 273 multiple of one-tenth of one per cent, the charged rate shall be the next
 274 higher such multiple, except that if the resulting quotient is less than
 275 five-tenths of one per cent, the charged rate shall be five-tenths of one
 276 per cent and if the resulting quotient is greater than five and four-
 277 tenths per cent, the charged rate shall be five and four-tenths per cent.
 278 The employer's charged tax rate will be in accordance with the
 279 following table:

T1 Employer's Charged Tax Rate Table

T2 Employer's Charged

T3	Employer's Benefit Ratio	Tax Rate
T4	.005 or less	.5% minimum subject
T5	.006	.6% to fund
T6	.007	.7% solvency
T7	.008	.8% adjustment
T8	.009	.9%
T9	.010	1.0%
T10	.011	1.1%
T11	.012	1.2%
T12	.013	1.3%
T13	.014	1.4%
T14	.015	1.5%
T15	.016	1.6%
T16	.017	1.7%
T17	.018	1.8%
T18	.019	1.9%
T19	.020	2.0%
T20	.021	2.1%
T21	.022	2.2%
T22	.023	2.3%
T23	.024	2.4%
T24	.025	2.5%
T25	.026	2.6%
T26	.027	2.7%
T27	.028	2.8%
T28	.029	2.9%
T29	.030	3.0%
T30	.031	3.1%
T31	.032	3.2%
T32	.033	3.3%
T33	.034	3.4%
T34	.035	3.5%
T35	.036	3.6%
T36	.037	3.7%

T37	.038	3.8%
T38	.039	3.9%
T39	.040	4.0%
T40	.041	4.1%
T41	.042	4.2%
T42	.043	4.3%
T43	.044	4.4%
T44	.045	4.5%
T45	.046	4.6%
T46	.047	4.7%
T47	.048	4.8%
T48	.049	4.9%
T49	.050	5.0%
T50	.051	5.1%
T51	.052	5.2%
T52	.053	5.3%
T53	.054 & higher	5.4% maximum subject
T54		to fund solvency
T55		adjustment

280 (2) (A) Each contributing employer subject to this chapter shall pay
281 an assessment to the administrator at a rate established by the
282 administrator sufficient to pay interest due on advances from the
283 federal unemployment account under Title XII of the Social Security
284 Act (42 U.S. Code Sections 1321 to 1324). The administrator shall
285 establish the necessary procedures for payment of such assessments.
286 The amounts received by the administrator based on such assessments
287 shall be paid over to the State Treasurer and credited to the General
288 Fund. Any amount remaining from such assessments, after all such
289 federal interest charges have been paid, shall be transferred to the
290 Employment Security Administration Fund or to the Unemployment
291 Compensation Advance Fund established under section 31-264a, (i) to
292 the extent that any federal interest charges have been paid from the
293 Unemployment Compensation Advance Fund, (ii) to the extent that
294 the administrator determines that reimbursement is appropriate, or

295 (iii) otherwise to the extent that reimbursement of the advance fund is
296 the appropriate accounting principle governing the use of the
297 assessments. Sections 31-265 to 31-274, inclusive, shall apply to the
298 collection of such assessments.

299 (B) On and after January 1, 1994, and conditioned upon the issuance
300 of any revenue bonds pursuant to section 31-264b, each contributing
301 employer shall also pay an assessment to the administrator at a rate
302 established by the administrator sufficient to pay the interest due on
303 advances from the Unemployment Compensation Advance Fund and
304 reimbursements required for advances from the Unemployment
305 Compensation Advance Fund, computed in accordance with
306 subsection (h) of section 31-264a. The administrator shall establish the
307 assessments as a percentage of the charged tax rate for each employer
308 pursuant to subdivision (1) of this subsection. The administrator shall
309 establish the necessary procedures for billing, payment and collection
310 of the assessments. Sections 31-265 to 31-274, inclusive, shall apply to
311 the collection of such assessments by the administrator. The payments
312 received by the administrator based on the assessments, excluding
313 interest and penalties on past due assessments, are hereby pledged and
314 shall be paid over to the State Treasurer for credit to the
315 Unemployment Compensation Advance Fund.

316 (f) (1) For each calendar year commencing with calendar year 1994
317 but prior to calendar year 2013, the administrator shall establish a fund
318 balance tax rate sufficient to maintain a balance in the Unemployment
319 Compensation Trust Fund equal to eight-tenths of one per cent of the
320 total wages paid to workers covered under this chapter by
321 contributing employers during the year ending the last preceding June
322 thirtieth. If the fund balance tax rate established by the administrator
323 results in a fund balance in excess of said per cent as of December
324 thirtieth of any year, the administrator shall, in the year next following,
325 establish a fund balance tax rate sufficient to eliminate the fund
326 balance in excess of said per cent. For each calendar year commencing
327 with calendar year 2013, the administrator shall establish a fund
328 balance tax rate sufficient to maintain a balance in the Unemployment

329 Compensation Trust Fund that results in an average high cost multiple
330 equal to 0.5. Commencing with calendar year 2014 and ending with
331 calendar year 2018, the administrator shall establish a fund balance tax
332 rate sufficient to maintain a balance in the Unemployment
333 Compensation Trust Fund that results in an average high cost multiple
334 that is increased by 0.1 from the preceding calendar year. Commencing
335 with calendar year 2019, the administrator shall establish a fund
336 balance tax rate sufficient to maintain a balance in the Unemployment
337 Compensation Trust Fund that results in an average high cost multiple
338 equal to 1.0. If the fund balance tax rate established by the
339 administrator results in a fund balance in excess of the amount
340 prescribed in this subdivision as of December thirtieth of any year, the
341 administrator shall, in the year next following, establish a fund balance
342 rate sufficient to eliminate the fund balance in excess of said amount.
343 The assessment levied by the administrator at any time (A) during a
344 calendar year commencing on or after January 1, 1994, but prior to
345 January 1, 1999, shall not exceed one and five-tenths per cent, (B)
346 during a calendar year commencing on or after January 1, 1999, shall
347 not exceed one and four-tenths per cent, and shall not be calculated to
348 result in a fund balance in excess of eight-tenths of one per cent of such
349 total wages, and (C) during a calendar year commencing on or after
350 January 1, 2013, shall not exceed one and four-tenths per cent and shall
351 not be calculated to result in a fund balance in excess of the amounts
352 prescribed in this subdivision.

353 (2) The average high cost multiple shall be computed as follows:
354 The result of the balance of the Unemployment Compensation Trust
355 Fund on December thirtieth immediately preceding the new rate year
356 divided by the total wages paid to workers covered under this chapter
357 by contributing employers for the twelve months ending on the
358 December thirtieth immediately preceding the new rate year shall be
359 the numerator and the average of the three highest calendar benefit
360 cost rates in (A) the last twenty years, or (B) a period including the last
361 three recessions, whichever is longer, shall be the denominator. Benefit
362 cost rates are computed as benefits paid including the state's share of

363 extended benefits but excluding reimbursable benefits as a per cent of
364 total wages in covered employment. The results rounded to the next
365 lower one decimal place will be the average high cost multiple.

366 (g) Each qualified employer's contribution rate for each calendar
367 year after 1973 shall be a percentage rate equal to the sum of his
368 charged tax rate as of the June thirtieth preceding such calendar year
369 and the fund balance tax rate as of December thirtieth preceding such
370 calendar year.

371 (h) (1) With respect to each benefit year commencing on or after July
372 1, 1978, notice of determination of the claimant's benefit entitlement for
373 such benefit year shall include notice of the allocation of benefit
374 charges of the claimant's base period employers and each such
375 employer shall be mailed a copy of such notice of determination and
376 shall be an interested party thereto. Such determination shall be final
377 unless the claimant or any of such employers files an appeal from such
378 decision in accordance with the provisions of section 31-241. (2) The
379 administrator shall, not less frequently than once each calendar
380 quarter, mail a statement of charges to each employer to whose
381 experience record any charges have been made since the last previous
382 such statement. Such statement shall show, with respect to each week
383 for which benefits have been paid and charged, the name and Social
384 Security account number of the claimant who was paid the benefit, the
385 amount of the benefits charged for such week and the total amount
386 charged in the quarter. (3) The statement of charges provided for in
387 subdivision (2) of this subsection shall constitute notice to the
388 employer that it has been determined that the benefits reported in such
389 statement were properly payable under this chapter to the claimants
390 for the weeks and in the amounts shown in such statements. If the
391 employer contends that benefits have been improperly charged due to
392 fraud or error, a written protest setting forth reasons therefor shall be
393 filed with the administrator within sixty days of the mailing date of the
394 quarterly statement. An eligibility issue shall not be reopened on the
395 basis of such quarterly statement if notification of such eligibility issue
396 had previously been given to the employer under the provisions of

397 section 31-241, and he failed to file a timely appeal therefrom or had
398 the issue finally resolved against him.

399 (i) (1) At the written request of any employer which holds at least
400 eighty per cent controlling interest in another employer or employers,
401 the administrator may mingle the experience rating records of such
402 dominant and controlled employers as if they constituted a single
403 employer, subject to such regulations as the administrator may make
404 and publish concerning the establishment, conduct and dissolution of
405 such joint experience rating records. (2) The executors, administrators,
406 successors or assigns of any former employer shall acquire the
407 experience rating records of the predecessor employer with the
408 following exception: The experience of a predecessor employer, who
409 leased premises and equipment from a third party and who has not
410 transferred any assets to the successor, shall not be transferred if there
411 is no common controlling interest in the predecessor and successor
412 entities. (3) The administrator is authorized to establish such
413 regulations governing joint accounts as may be necessary to comply
414 with the requirements of the federal Unemployment Tax Act.

415 (j) (1) Each employer subject to this chapter shall submit quarterly,
416 on forms supplied by the administrator, a listing of wage information,
417 including the name of each employee receiving wages in employment
418 subject to this chapter, such employee's Social Security account
419 number and the amount of wages paid to such employee during such
420 calendar quarter.

421 (2) Commencing with the first calendar quarter of 1991, each
422 employer subject to this chapter who reports wages for two hundred
423 fifty or more employees receiving wages in employment subject to this
424 chapter, and each person or organization that, as an agent, reports
425 wages for a total of two hundred fifty or more employees receiving
426 wages in employment subject to this chapter on behalf of one or more
427 employers subject to this chapter shall submit quarterly the
428 information required by subdivision (1) of this subsection on magnetic
429 tape, diskette, or other similar electronic means which the

430 administrator may prescribe, in a format prescribed by the
 431 administrator, unless such employer or agent demonstrates to the
 432 satisfaction of the administrator that it lacks the technological
 433 capability to report such information in accordance with this
 434 subdivision.

435 (3) Any employer that fails to submit the information required by
 436 subdivision (1) of this subsection in a timely manner, as determined by
 437 the administrator, shall be liable to the administrator for a late filing
 438 fee of twenty-five dollars. Any employer that fails to submit the
 439 information required by subdivision (1) of this subsection under a
 440 proper state unemployment compensation registration number shall
 441 be liable to the administrator for a fee of twenty-five dollars. All fees
 442 collected by the administrator under this subdivision shall be
 443 deposited in the Employment Security Administration Fund.

444 (4) Commencing with the first calendar quarter of 2009, each
 445 employer subject to this chapter who makes contributions or payments
 446 in lieu of contributions for two hundred fifty or more employees
 447 receiving wages in employment subject to this chapter, and each
 448 person or organization that, as an agent, makes contributions or
 449 payments in lieu of contributions for a total of two hundred fifty or
 450 more employees receiving wages in employment subject to this
 451 chapter on behalf of one or more employers subject to this chapter
 452 shall make such contributions or payments in lieu of contributions
 453 electronically.

454 (k) The employer may inspect his account records in the office of the
 455 Employment Security Division at any reasonable time.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2013	31-223
Sec. 2	October 1, 2013	31-225a

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 14 \$	FY 15 \$
Labor Dept.	Employment Security Administration Fund - Revenue Gain	See Below	See Below

Municipal Impact: None

Explanation

The bill results in a revenue gain to the Department of Labor's Employment Security Administration Fund. It establishes a \$50 civil penalty for not notifying the Department of Labor within 30 days of becoming subject to unemployment compensation law and a \$25 fine for failing to submit quarterly wage reports under a proper unemployment compensation registration number. The revenue gain depends on how the implementation of these fines impacts compliance.

In FY 12, approximately 3,500 companies that were required to report becoming subject to unemployment compensation law did so after 30 days. Additionally, in FY 12, approximately 2,000 companies filed quarterly wage reports without a proper registration number.

House "A" establishes a \$50 civil penalty for not notifying the Department of Labor within 30 days of becoming subject to unemployment compensation law and a \$25 fine for failing to submit quarterly wage reports under a proper unemployment compensation registration number. It also applies notification requirements in the

underlying bill to companies purchasing substantially all, rather than any portion of, another company subject to unemployment law. This results in the above identified fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of fines levied.

Sources: Department of Labor

OLR Bill Analysis**sHB 6451 (as amended by House "A")******AN ACT IMPROVING THE TIMELINESS AND EFFICIENCY OF THE DEPARTMENT OF LABOR'S UNEMPLOYMENT INSURANCE TAX OPERATIONS.*****SUMMARY:**

This bill requires any employer that becomes subject to the state's unemployment law to electronically notify the labor commissioner within 30 days after becoming subject to the law. It also requires an employer to electronically notify the commissioner within 30 days after acquiring substantially all of the assets, organization, trade, or business, including employees, of another employer that is subject to the state's unemployment law. In both instances, the commissioner must determine the manner in which the electronic notice will be provided. The bill establishes a \$50 civil penalty per violation for violating either notice requirement.

The bill also establishes a \$25 fee for employers that fail to submit their required quarterly wage reports under a proper state unemployment compensation registration number. Existing law, unchanged by the bill, imposes a \$25 fee on employers who don't submit these reports in a timely manner.

*House Amendment "A" (1) decreases the new notice violation fines from \$100 to \$50 and the new improper wage report fee from \$50 to \$25 and (2) increases the acquisition notice threshold from "any" to "substantially all" of another employer's assets, organization, trade, or business.

EFFECTIVE DATE: October 1, 2013

BACKGROUND

Related Bill

HB 6452, favorably reported by the Labor and Public Employees Committee, requires all employers subject to the state's unemployment law to electronically file their quarterly wage reports unless they obtain an annual waiver from the labor department.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 11 Nay 0 (03/07/2013)