



Senate

General Assembly

File No. 67

January Session, 2013

Senate Bill No. 926

Senate, March 20, 2013

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

AN ACT CONCERNING AN INCREASE IN PENALTIES DUE TO FALSE OR MISLEADING DECLARATIONS, STATEMENTS OR REPRESENTATIONS.

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

1 Section 1. Subsection (e) of section 31-273 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *January 1, 2014*):

4 (e) If the administrator determines that any person, firm or
5 corporation has wilfully failed to declare the payment of wages on
6 payroll records, the administrator may impose a penalty of [ten] fifteen
7 per cent of the total contributions [past] due to the administrator
8 during the entire period the person, firm or corporation wilfully failed
9 to declare the payment of wages on payroll records, as determined
10 pursuant to section 31-270. Such penalty shall be in addition to any
11 other applicable penalty and interest under section 31-266. In addition,
12 the administrator may require the person, firm or corporation to make
13 contributions at the maximum rate provided in section 31-225a for a

14 period of one year following the determination by the administrator
15 concerning the wilful nondeclaration. If the person, firm or corporation
16 is paying or should have been paying, the maximum rate at the time of
17 the determination, the administrator may require that such maximum
18 rate continue for a period of three years following the determination.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>January 1, 2014</i>	31-273(e)
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LAB *Joint Favorable*

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.	GF - Potential Revenue Gain	See Below	See Below

Municipal Impact: None

Explanation

The bill increases the penalty for failing to declare payment of wages on payroll records from 10% of total contributions due to 15% of contributions due during the entire period the employer failed to declare wages. This will result in a minimal revenue increase, based on the number of fines levied.

The Out Years

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

OLR Bill Analysis**SB 926*****AN ACT CONCERNING AN INCREASE IN PENALTIES DUE TO FALSE OR MISLEADING DECLARATIONS, STATEMENTS OR REPRESENTATIONS.*****SUMMARY:**

This bill increases the penalty, from 10% to 15%, on employers who willfully fail to declare payment of wages in order to avoid paying unemployment taxes or benefits. The 10% penalty under current law applies only to the employer's past due contributions; however, the bill's 15% penalty applies to contributions due during the entire period the employer willfully failed to declare the wages. It is unclear if this new penalty is based solely on the unpaid contributions or on all contributions due (paid and unpaid) during the nonpayment period. But it appears to broaden the penalty base by using all contributions due during the nonpayment period.

EFFECTIVE DATE: January 1, 2014

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable

Yea 7 Nay 4 (03/07/2013)