



CONNECTICUT

**TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)
BY
ANDY MARKOWSKI, CONNECTICUT STATE DIRECTOR
REGARDING**

**HB-5686, AAC MINIMUM BASE PERIOD WAGES AND ELIGIBILITY FOR
UNEMPLOYMENT BENEFITS;
HB-5701, AAC MONTHLY REDUCTIONS OF UNEMPLOYMENT COMPENSATION;
HB-6451, AA IMPROVING THE TIMELINESS OF THE LABOR DEPARTMENT'S
UNEMPLOYMENT INSURANCE TAX OPERATIONS;
HB-6452, AAC THE REQUIREMENT FOR ELECTRONIC FILING OF QUARTERLY
UNEMPLOYMENT TAX RETURNS**

**BEFORE THE
LABOR & PUBLIC EMPLOYEES COMMITTEE
FEBRUARY 26, 2013**

A non-profit, non-partisan organization founded in 1943, NFIB is Connecticut's and the nation's leading small-business association. In Connecticut, NFIB represents thousands of members and their employees. NFIB membership is scattered across the state and ranges from sophisticated high technology enterprises to "Main Street" small businesses to single-person "Mom & Pop" shops that operate in traditional ways. NFIB's mission is "To promote and protect the right of its members to own, operate, and grow their businesses." On behalf of those small- and independent- job-providers in Connecticut, I offer the following comments:

NFIB/Connecticut supports HB-5686 & HB-5701, both of which are pieces of legislation that aim to address issues with unemployment compensation benefits in the state and the burden that such an over-stressed system places on our state's small businesses. These common-sense bills pave the way for a healthy adjustment of eligibility and benefits, respectively. It must be noted, that Connecticut's small businesses have been straining under high unemployment taxes for some time now and have also suffered from recent surcharges. In order to ease this burden on our state's job creators, NFIB/Connecticut recommends that significant changes need to be made to the eligibility and administration of the state's unemployment benefits system in order to maintain long-term solvency and to ensure the fiscal health of our state's employers. In addition to the measures contained in HB-5686 & HB-5701, this could include additional efforts to target waste and fraud in the system and also to tighten up the work-search requirements for those receiving benefits. NFIB therefore urges passage of these two bills.

NFIB/Connecticut has series concerns with HB-6451 and opposes the bill as currently drafted. This legislation would particularly burden small and start-up businesses by mandating notification to the Department of Labor within 15 days of opening a small business, and subjecting non-compliant businesses (even if inadvertent), to significant fines and penalties. This 15-day requirement is unnecessary and should at the very least be expanded to allow small business owners the opportunity to get their business up and running before they may inadvertently miss such a tight deadline imposed by the Department of Labor. Many other states allow for a much more reasonable timeframe. For example, in Illinois the requirement is 30 days. Florida has an even more generous requirement, allowing the filing in the month following the calendar quarter in which employment begins.

NFIB/Connecticut also has serious concerns with HB-6452 and opposes the bill as currently drafted. Many small employers are accustomed to and actually prefer to make such filings manually and through the use of hard copy paper forms. Even in this day and age, there are small businesses that do not have computers and do almost everything manually or through the use of paper forms. Many other states also recognize this reality, which is especially true for the smallest of small businesses, and as such online filings are still optional for small businesses. For example, in Iowa, it is recommended that filings take place online, but it is not mandated. Colorado, Georgia, Pennsylvania all allow for paper filing, as does New Hampshire, which also allows for filing via facsimile. Admittedly, while the statutory sections being amended does allow for an exemption of sorts from the filing requirements if an employer "demonstrates to the satisfaction of the administrator that it lacks the technological capability to report such information in accordance with this subdivision", the burden should not be placed on the business, but rather the statute should contain a blanket-exemption from the electronic filing mandate as contemplated in this bill for small businesses under a certain size.

It is important for legislators to remember that small businesses must operate differently from large businesses; they do not have human-resources departments to track the changing standards and mandates that affect their workforce and workplace and handle all of their administrative matters. NFIB urges the legislature to simplify employment laws and processes for small business, eliminate burdensome mandates and prevent the expansion of cumbersome regulations that punish the small businesses that create the majority of Connecticut's jobs. Provisions such as those contained in HB-6451 and HB-6452 unfortunately run contrary to this goal. Therefore NFIB urges rejection of both aforementioned bills; unless they can be amended accordingly to take into account the concerns and unique needs of small businesses.