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## **OLR Bill Analysis**

### **sSB 243**

#### ***AN ACT CONCERNING ELIGIBILITY FOR UNEMPLOYMENT BENEFITS.***

##### **SUMMARY:**

This bill creates a penalty for employers who fail to give an employee an unemployment notice as required by state regulations (see BACKGROUND). It allows the labor department to impose a civil penalty of up to \$50 for an initial violation and \$100 for each subsequent violation. At the labor commissioner's request, the attorney general must initiate a civil suit to recover the penalties, which must be deposited in the General Fund.

The bill also expands the circumstances under which a private-sector employer can discharge or suspend an employee without affecting the employer's unemployment taxes. It creates a "non-charge" against an employer's experience rate (see BACKGROUND) for discharging or suspending an employee who (1) lost his or her driver's license because of a drug or alcohol testing program conducted under state laws prohibiting driving under the influence (DUI), regardless of whether the testing was conducted while the employee was off duty, and (2) as a result, is disqualified from performing the work for which he or she had been hired. (CGS § 14-44k disqualifies a person from operating a commercial motor vehicle for one year if he or she is convicted of a DUI.) In effect, this allows the discharged or suspended employee to collect unemployment benefits without increasing the employer's unemployment taxes.

Under current law, an employer's experience rate is not charged for a former employee collecting unemployment benefits if the employer paid the former employee \$500 or less during the employee's base period (generally, the first four of the five quarters preceding the employee's unemployment claim). For base periods starting on or

after January 1, 2015, the bill increases this earnings threshold to \$1,000. Thus, an employer's experience rate will not be charged if it paid a former employee \$1,000 or less during the employee's base period.

The bill also makes technical changes.

EFFECTIVE DATE: October 1, 2014, except for the provisions related to non-charges, which are effective January 1, 2015.

## **BACKGROUND**

### ***Unemployment Notices***

State regulations require all employers to provide their employees with a completed unemployment notice and employee information packet immediately upon layoff or separation from employment. The notice and packet must be provided regardless of (1) the reason the employee is leaving employment or (2) whether the employer is subject to the state's unemployment law. The notice form and packet are prepared by the labor commissioner and provided to employers upon request. They are also available online. The notice is used solely for filing claims for unemployment compensation benefits (Conn. Agencies Reg., § 31-222-9).

Among other things, the notice requires the employer to provide the employee's (1) employment dates and earnings and (2) reason for unemployment, which can be either "lack of work," "voluntary leaving," "discharge/ suspension," "leave of absence," or "other."

### ***Unemployment Experience Rates and Non-Charges***

In general, a significant portion of a private-sector employer's unemployment insurance taxes are based on the employer's "experience rate," which reflects the amount of unemployment benefits paid to the employer's former employees over a certain period of time. Typically, laying off employees leads to a higher experience rate, up to a statutorily defined limit, and thus higher unemployment taxes for the employer. The law, however, allows several non-charging separations in which an employee can collect benefits without affecting

a former employer's experience rate (e.g., voluntarily leaving work to care for a seriously ill spouse, parent, or child). In these instances, the benefits paid to the former employee are "pooled" and paid by all employers who pay unemployment taxes.

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 10 Nay 0 (03/18/2014)