



House of Representatives

General Assembly

File No. 42

February Session, 2016

Substitute House Bill No. 5261

House of Representatives, March 15, 2016

The Committee on Labor and Public Employees reported through REP. TERCYAK of the 26th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING OPERATORS OF ATHLETIC ACTIVITIES,
COACHES AND REFEREES AND THE EMPLOYER-EMPLOYEE
RELATIONSHIP.***

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

1 Section 1. (NEW) (*Effective from passage*) (a) For purposes of this
2 section:

3 (1) "Coach" means any individual who volunteers or is paid to act as
4 a head coach, assistant coach, clinician, manager or instructor, or in a
5 similar supervisory position, for participants engaged in any organized
6 athletic activity;

7 (2) "Operator" means any municipality, business or nonprofit
8 organization that conducts, coordinates, organizes or otherwise
9 oversees any organized athletic activity;

10 (3) "Organized athletic activity" means any activity involving
11 participants who (A) (i) engage in an organized athletic game or

12 competition against another team, club or entity or in practice or
 13 preparation for an organized game or competition against another
 14 team, club or entity, or (ii) attend an organized athletic camp or clinic,
 15 the purpose of which is to train, instruct or prepare such participants
 16 to engage in an organized athletic game or competition, and (B) (i) pay
 17 a fee to participate in such organized athletic game or competition or
 18 attend such camp or clinic, or (ii) whose cost to participate in such
 19 athletic game or competition or to attend such camp or clinic is
 20 sponsored by an operator. "Organized athletic activity" does not
 21 include any college or university athletic activity or any intramural or
 22 interscholastic athletics, as defined in section 10-149f of the general
 23 statutes, or any athletic activity that is incidental to a nonathletic
 24 program or an academic lesson; and

25 (4) "Referee" means an individual who volunteers or is paid to act as
 26 a referee, official, umpire or judge, or in a similar supervisory position,
 27 for any organized athletic activity.

28 (b) On and after October 1, 2016, for purposes of chapter 567 of the
 29 general statutes, no employer-employee relationship shall be deemed
 30 to exist between any operator of any organized athletic activity and
 31 any individual who is retained by such operator as a coach or referee
 32 of such organized athletic activity, except such operator and individual
 33 may mutually agree, in writing, to enter into an employer-employee
 34 relationship.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

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 17 \$	FY 18 \$
Labor Dept.	UCF - Net Revenue Loss	Up to \$2.2 million	Up to \$3.0 million

Note: UCF=Unemployment Compensation Fund

Municipal Impact:

Municipalities	Effect	FY 17 \$	FY 18 \$
Various Municipalities	Savings	Potential	Potential

Explanation

The bill exempts coaches and referees who work for certain private or public athletic programs from employer-employee rules for unemployment insurance purposes. This results in a net revenue loss to the Unemployment Compensation Fund (UCF) of up to \$2.2 million in FY 17 and up to \$3.0 million annually thereafter, as well as a potential savings to certain municipalities.¹ The net revenue loss could be less to the extent operators of covered athletic activities and their coaches and referees agree to enter into an employer-employee relationship, as is permitted in the bill.

This estimate assumes that an average of five coaches or referees are employed at each of the 2,865 active employers in sports- and recreation-related fields in the state, and that each earns at or above the \$15,000 taxable wage base for the state unemployment tax. Utilizing

¹ Private sector employers pay unemployment taxes on the first \$15,000 in annual wages paid to employees, while public and non-profit employers generally reimburse the Unemployment Compensation Fund for the cost of any benefits incurred.

an average state unemployment tax rate of 3.5%, this analysis yields an estimated annualized revenue loss of approximately \$7.5 million to the UCF.² This estimate also assumes an average annualized savings of \$4.5 million to the UCF in the form of reduced unemployment compensation payouts based on the current state unemployment rate of 5.5% and an average weekly unemployment benefit of \$327 for an average of 17.6 weeks.

The Out Years

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

*Sources: Department of Labor Unemployment Insurance Statistics
Federal Bureau of Labor Statistics*

² The state unemployment tax rate ranges from a low of 1.9% to a maximum of 6.8% depending on the employer's prior experience with unemployment compensation.

OLR Bill Analysis**sHB 5261*****AN ACT CONCERNING OPERATORS OF ATHLETIC ACTIVITIES, COACHES AND REFEREES AND THE EMPLOYER-EMPLOYEE RELATIONSHIP.*****SUMMARY:**

This bill exempts coaches and referees who work for private or public athletic programs, other than public school districts, from employer-employee rules for purposes of unemployment taxes and compensation. Under the bill, as of October 1, 2016 no employer-employee relationship is deemed to exist between certain operators of organized athletic activities and certain individuals employed as coaches or referees of those organized athletic activities, except such operators and individuals can mutually agree, in writing, to enter into an employer-employee relationship.

This means the employer will not be required to pay unemployment taxes and the employee will not be eligible for unemployment compensation from the employer in the event of the employee's loss of employment. In general, private sector employers pay unemployment taxes on the first \$15,000 in annual wages paid to each of their employees.

Under current law, the employer-employee relationship is determined by a multi-step test that includes whether the employee is under the direct supervision and control of the employer.

EFFECTIVE DATE: Upon passage

DEFINITIONS AND EXEMPTIONS

"Organized athletic activity" means an activity involving participants who either pay a participation fee or whose cost is

sponsored by the operator and: (1) engage in an organized athletic game or competition against another team, club, or entity or in a practice for such game or competition or (2) attend an organized athletic camp or clinic to train or prepare for a game or competition.

The bill exempts any (1) college or university athletic activity, (2) public school intramural or interscholastic athletics, or (3) athletic activity that is incidental to a nonathletic program or an academic lesson.

The bill defines “operator” as any municipality or business or nonprofit organization that conducts, coordinates, organizes or otherwise oversees an organized athletic activity.

The definitions for “coach” and “referee” include volunteers or someone who is paid. “Coach” also includes a head coach, assistant coach, clinician, manager, instructor, or anyone in a similarly supervisory position. “Referee” includes a referee, official, umpire, or judge, or anyone in a similarly supervisory position.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 13 Nay 0 (03/01/2016)