



House of Representatives

File No. 774

General Assembly

February Session, 2016

(Reprint of File No. 232)

Substitute House Bill No. 5369
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
April 30, 2016

**AN ACT CONCERNING ADJUSTMENTS TO THE MAXIMUM WEEKLY
UNEMPLOYMENT BENEFIT RATE AND THE THRESHOLD AMOUNT
UNDER WHICH A PERSON MAY BE FOUND GUILTY OF A
MISDEMEANOR OR FELONY FOR THE FRAUDULENT RECEIPT OF
UNEMPLOYMENT BENEFITS.**

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

1 Section 1. Section 31-231a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2016*):

3 (a) For a construction worker identified pursuant to regulations
4 adopted in accordance with subsection (c) of this section, the total
5 unemployment benefit rate for the individual's benefit year
6 commencing on or after April 1, 1996, shall be an amount equal to one
7 twenty-sixth, rounded to the next lower dollar, of his total wages paid
8 during that quarter of his current benefit year's base period in which
9 wages were the highest but not less than fifteen dollars nor more than
10 the maximum benefit rate as provided in subsection (b) of this section.

11 (b) For an individual not included in subsection (a) of this section,

12 the individual's total unemployment benefit rate for his benefit year
13 commencing after September 30, 1967, shall be an amount equal to one
14 twenty-sixth, rounded to the next lower dollar, of the average of his
15 total wages, as defined in subdivision (1) of subsection (b) of section
16 31-222, paid during the two quarters of his current benefit year's base
17 period in which such wages were highest but not less than fifteen
18 dollars nor more than one hundred fifty-six dollars in any benefit year
19 commencing on or after the first Sunday in July, 1982, nor more than
20 [sixty] fifty per cent rounded to the next lower dollar of the average
21 wage of [production and related] workers in the state in any benefit
22 year commencing on or after the first Sunday in October, 1983, and
23 provided the maximum benefit rate in any benefit year commencing
24 on or after the first Sunday in October, 1988, shall not increase more
25 than eighteen dollars in any benefit year, such increase to be effective
26 as of the first Sunday in October of such year. The average wage of
27 [production and related] workers in the state shall be determined by
28 the administrator, on or before August fifteenth annually, as of the
29 year ended the previous [June thirtieth] March thirty-first to be
30 effective during the benefit year commencing on or after the first
31 Sunday of the following October and shall be so determined in
32 accordance with the standards for the determination of the average
33 [production wages established by the United States Department of
34 Labor, Bureau of Labor Statistics] wage of workers in the state
35 calculated pursuant to the Connecticut Quarterly Census of
36 Employment and Wages or such other method that accurately reflects
37 the average wage of workers in the state as prescribed by the
38 administrator.

39 (c) The administrator shall adopt regulations pursuant to the
40 provisions of chapter 54 to implement the provisions of this section.
41 Such regulations shall specify the National Council on Compensation
42 Insurance employee classification codes which identify construction
43 workers covered by subsection (a) of this section and specify the
44 manner and format in which employers shall report the identification
45 of such workers to the administrator.

46 Sec. 2. Subsection (f) of section 31-273 of the general statutes is
47 repealed and the following is substituted in lieu thereof (*Effective*
48 *October 1, 2016*):

49 (f) Any person who knowingly makes a false statement or
50 representation or fails to disclose a material fact in order to obtain,
51 increase, prevent or decrease any benefit, contribution or other
52 payment under this chapter, or under any similar law of another state
53 or of the United States in regard to which this state acted as agent
54 pursuant to an agreement authorized by section 31-225, whether to be
55 made to or by himself or any other person, and who receives any such
56 benefit, pays any such contribution or alters any such payment to his
57 advantage by such fraudulent means (1) shall be guilty of a class A
58 misdemeanor if such benefit, contribution or payment amounts to
59 [five] one thousand three hundred dollars or less or (2) shall be guilty
60 of a class D felony if such benefit, contribution or payment amounts to
61 more than [five] one thousand three hundred dollars. Notwithstanding
62 the provisions of section 54-193, no person shall be prosecuted for a
63 violation of the provisions of this subsection committed on or after
64 October 1, 1977, except within five years next after such violation has
65 been committed.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	31-231a
Sec. 2	<i>October 1, 2016</i>	31-273(f)

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 - Uncertain	See Below	See Below
Resources of the General Fund	GF - Revenue Loss	Minimal	Minimal

Note: GF=General Fund; UCF=Unemployment Compensation Fund

Municipal Impact: None

Explanation

The bill alters the methodology by which the maximum unemployment benefit rate is determined. Specifically, the bill changes the formula for deriving the benefit cap from 60% of the average wage paid to the state's production workers to 50% of the average wage of all workers in the state or another method prescribed by the Labor Commissioner. The impact on the Unemployment Compensation Fund (UCF) is uncertain as the bill does not require a single methodology for determining the maximum benefit; thus, the bill may result in a cost, savings, or no impact to the UCF depending on the methodology actually employed.

The bill also increases the thresholds at which certain unemployment compensation fraud violations qualify as class A misdemeanors or class D felonies. To the extent this reduces the number of violations (and associated fines collected) for class A misdemeanors or class D felonies, this results in a minimal revenue loss.

House "A" appends the provision regarding unemployment fraud

penalties.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to annual adjustments in the maximum unemployment benefit rate.

OLR Bill Analysis**sHB 5369 (as amended by House "A")******AN ACT CONCERNING AN ADJUSTMENT TO THE METHOD FOR DETERMINING THE MAXIMUM WEEKLY UNEMPLOYMENT BENEFIT RATE.*****SUMMARY:**

This bill changes how the maximum unemployment benefit cap is determined. Current law caps a claimant's unemployment benefits at 60% of the average wage paid to the state's production (i.e., manufacturing) workers, as determined under the U.S. Bureau of Labor Statistics' standards for determining average production wages. The bill instead requires the cap to be 50% of the average wage of all workers in the state, as calculated under the Connecticut Quarterly Census of Employment and Wages or another method prescribed by the labor commissioner that accurately reflects the average wage of workers in the state.

Under current law, the average wage is determined for each year ending June 30. The bill instead requires it to be determined for each year ending March 31. By law, unchanged by the bill, the commissioner must annually determine a new cap by August 15. It becomes effective on the first Sunday of October but cannot increase more than \$18 each year.

The bill also increases the financial threshold used to determine whether someone's unemployment compensation fraud is a misdemeanor or a felony. Under current law, someone who knowingly makes a false statement or fails to disclose a material fact to obtain or maintain unemployment benefits is guilty of a (1) class A misdemeanor if the fraud amounts to \$500 or less or (2) class D felony if the amount is more than \$500. The bill increases this threshold to

\$1,300. By law, (1) class A misdemeanors are punishable by up to one year in prison, up to a \$2,000 fine, or both and (2) class D felonies are punishable by up to five years in prison, up to a \$5,000 fine, or both.

*House Amendment "A" adds the provision regarding unemployment compensation fraud penalties.

EFFECTIVE DATE: July 1, 2016, except the provision on unemployment compensation penalties is effective October 1, 2016.

BACKGROUND

Related Bill

sHB 5367 (File 230), reported favorably by the Labor and Public Employees Committee, freezes the maximum benefit cap at its current value (\$598) for anyone who files for unemployment through 2018.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 13 Nay 0 (03/10/2016)