



House Bill 6633, An Act Restructuring Unemployment Insurance Benefits and Improving Fund Solvency.

Finance, Revenue and Bonding Committee

March 19, 2021

The Mechanical Contractors Association of Connecticut (MCAC) is an association of trade union mechanical contractors who provide mechanical services in HVAC, plumbing, piping, sheet metal and other work, and are signatory to the Plumbers and Pipefitters Local 777 bargaining agreement.

MCAC is **opposed** to provisions in House Bill 6633 that would increase the taxable wage base significantly and provide for automatic annual increases in taxable wages thereafter. Mechanical contractors support meaningful reforms that would ensure the fund is solvent for future workers, but HB 6633 does not create stability in the unemployment trust fund.

Many construction contractors and businesses in Connecticut have suffered significant hardship over the past year. Businesses will have to pay for the massive federal borrowing that ensured unemployed workers receive benefits. Connecticut already has some of the highest unemployment taxes in the nation.

HB 6633 would increase the taxable wage base from \$15,000 to over \$70,000, and establish annual increases to the wage base thereafter. If adopted, Connecticut would have the highest taxable wage base in the U.S. Additionally, it would preclude any opportunity to reform the benefit in the future. Taking any such changes out of public policy and making them automatic is unfair to contractors and businesses.

The unemployment trust fund is funded exclusively by businesses. Increasing the wage base is effectively a tax increase on businesses. Automatic annual increases preclude discussion concerning accountability and whether the state is appropriately spending funds provided by businesses for unemployment insurance.

MCAC **supports** rate adjustments in House Bill 6633 that more equitably distribute the tax burden of the unemployment trust fund. Also, MCAC supports several provisions in the bill that would reform benefits, including increasing from \$600 to \$1,200 the minimum earnings necessary to qualify for unemployment

benefits, which helps motivate employees to remain committed to the workforce; prohibiting claimants from receiving unemployment benefits until they have exhausted their severance pay; and freezing the maximum weekly benefit rate for one year, which would result in savings to the unemployment trust fund without any reduction in individual benefit levels.

Please contact Kristen Brainerd Abrahamson, Executive Vice President of MCAC, at (203) 248-3098, for additional information or any questions.