

Labor and Public Employees Committee

JOINT FAVORABLE REPORT

Bill No.: HB-5377

AN ACT CONCERNING THE REMOVAL OF COVID-19 RELATED LAYOFFS FROM THE UNEMPLOYMENT COMPENSATION EXPERIENCE ACCOUNT

Title: FOR THE CALENDAR YEAR 2021.

Vote Date: 2/25/2021

Vote Action: Vote to Draft

PH Date: 2/18/2021

File No.:

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SPONSORS OF BILL:

Labor and Public Employees Committee

REASONS FOR BILL:

The global COVID-19 pandemic has forced the closing of many businesses and layoffs for non-essential employees. There is a need to protect employers from having their experience penalized since these closings were mandated and not their fault.

RESPONSE FROM ADMINISTRATION/AGENCY:

[CHRISTINE CONLEY, STATE REPRESENTATIVE, 40TH DISTRICT](#)
[CATHY OSTEN, STATE SENATOR, 19TH DISTRICT](#)

Unemployment in 2020 averaged more than 7%, which is double year 2019's average according to the CT Dept. of Research Office. The hardest hit industry is leisure and hospitality, including restaurants, hotels, casinos, arts and sports facilities, bars and other providers of service, recreation and entertainment. This industry lost about 20% of its jobs. The southeastern area of CT relies heavily on this industry. Business owners need relief and should not be penalized for losing staff during this pandemic. This bill would provide a financial break to businesses by preventing the rate they pay into the Unemployment Compensation Experience Account from being affected by layoffs caused by COVID-19. They have lost employees, customers and some even are in danger of losing their businesses. The loss of funds to the Unemployment Compensation Experience Account can be offset with CARES Act money or other federal funds rather than by placing any additional strain on business owners.

NATURE AND SOURCES OF SUPPORT

STEPHEN ANDERSON, PRESIDENT, CSEA SEIU, LOCAL 2001

They are in support of this bill.

SAL LUCIANO, PRESIDENT, CT AFL-CIO

Like many states, CT's unemployment insurance program is designed so employers that lay off employees with greater frequency face higher UI taxes than employers that maintain stable employment. Each employer's annual layoff history determines its experience rating. Employers who issue layoffs in any single year will see their UI tax rate negatively affected. This normally makes sense, but amid a global pandemic some non-essential businesses have been more heavily impacted than others. Layoffs were related to COVID-19 and not due to poor management. By freezing employer experience rating at pre-pandemic levels, CT can focus on reopening businesses when health conditions warrant. This bill reduces burdens on struggling businesses.

ANDY MARKOWSKI, STATE DIRECTOR, NATIONAL FEDERATION OF INDEPENDENT BUSINESS

This bill acknowledges that small businesses should not be penalized or suffer any further financial distress as a result of the record unemployment and layoffs that were through no fault of their own. It is vital that, coming out of the pandemic, there are no new costs, surcharges or fees for small businesses through the state's unemployment compensation insurance program. It is especially important to provide certainty and help with economic recovery.

LUMBER DEALERS ASSOCIATION OF CONNECTICUT

This bill will prevent employers' experience ratings and tax rates from being disproportionately inflated by pandemic-related layoffs. The last thing struggling small businesses need right now is to be further burdened with higher unemployment insurance costs. It will provide critical relief for employers across CT.

STACY ZIMMERMAN, ASSOCIATE DIRECTOR, SEIU CT STATE COUNCIL

Unemployment insurance is a critical component of our social safety net and a manifestation of the idea that we have an obligation as humans to help people when they need it. The virus has taken too many lives from us. We cannot let it also punish people for things beyond our control. This bill is a commonsense response to the continued challenges we face as a result of the pandemic.

ERIC GJEDE, VICE PRESIDENT OF GOVERNMENT AFFAIRS, CBIA

The state's unemployment compensation system proved to be a critical safety net during the pandemic. Despite chronic solvency issues with the state unemployment trust fund, every claim for benefits will ultimately be paid for by CT businesses. These include claims from those who were previously ineligible for benefits and many businesses who never paid into the system. The levels of unemployment were not a result of mismanagement or a result of economic downturns, but rather the result of a global pandemic when the government responded by closing businesses. Given the fact that the business community was required by law to shut down under the penalty, it would be inequitable to allow adjustments to businesses' experience rates to reflect this forced unemployment. However, they feel a more permanent fix is needed via an executive or special act.

NATURE AND SOURCES OF OPPOSITION:

None submitted.

Reported by: Marie Knudsen, Assistant Clerk

Date: March 15, 2021