

TO THE HONORABLE SENATE

The Committee on Economic Development, Housing and General Affairs to which was referred House Bill No. H. 351, entitled "An act relating to workers' compensation, unemployment insurance, and ski tramway amendments"

respectfully reports that it has considered the same and recommends that the Senate propose to the House to amend the bill as follows:

By striking out Secs. 1 through 6 and their reader assistance headings in their entireties and inserting in lieu thereof new Secs. 1 through 6 and their reader assistance heading to read as follows:

* * * Deleted Sections * * *

Sec. 1. [Deleted.]

Sec. 2. [Deleted.]

Sec. 3. [Deleted.]

Sec. 4. [Deleted.]

Sec. 5. [Deleted.]

Sec. 6. [Deleted.]

(Committee vote: 4-0-1)



Senator Sirotkin
FOR THE COMMITTEE

ORIGINAL

BILL AS PASSED BY THE HOUSE
2019

H.351
Page 1 of 13

1 H.351

2 Introduced by Representatives Marcotte of Coventry and O'Sullivan of

3 Burlington

4 Referred to Committee on

5 Date:

6 Subject: Labor; workers' compensation and safety; unemployment insurance;

7 recreation and sports; ski tramways

8 Statement of purpose of bill as introduced: This bill proposes to clarify the
9 purposes for which the Workers' Compensation Administration Fund may be
10 used, to repeal the Short-Time Compensation Program, and to permit the
11 Passenger Tramway Board to expend funds for ski lift mechanic training,
12 education, and apprenticeships.

An act relating to workers' compensation, unemployment insurance, *and ski
tramway amendments*

13 It is hereby enacted by the General Assembly of the State of Vermont:

14 ~~Workers' Compensation~~

15 Sec. 1. 21 V.S.A. § 711 is amended to read:

16 § 711. WORKERS' COMPENSATION ADMINISTRATION FUND

17 (a) The Workers' Compensation Administration Fund is created pursuant

18 to 52 V.S.A. chapter 7, subchapter 5 to be expended by the Commissioner for

1 ~~the administration of the workers' compensation and for costs of the~~
2 occupational disease safety and health programs that are not funded by federal
3 OSHA grants and matching State General Fund appropriations. The Fund
4 shall consist of contributions from employers made at a rate of 1.4 percent of
5 the direct calendar year premium for workers' compensation insurance, one
6 percent of self-insured workers' compensation losses, and one percent of
7 workers' compensation losses of corporations approved under this chapter.
8 Disbursements from the Fund shall be on warrants drawn by the
9 Commissioner of Finance and Management in anticipation of receipts
10 authorized by this section.

11 * * *

12 * * * Unemployment Insurance * * *

13 Sec. 2. FINDINGS

14 The General Assembly finds:

15 (1) The Short-Time Compensation Program was enacted in 1986 to
16 assist employers in avoiding layoffs by temporarily reducing the hours worked
17 by some of their employees.

18 (2) The Program provides partial unemployment insurance benefits to
19 the employees who are working reduced hours.

20 (3) In 2014, the General Assembly amended 21 V.S.A. § 1338a to
21 change the formula by which partially unemployed individuals who are not

1 ~~covered by a short-time compensation plan are paid partial unemployment un~~
2 benefits. By changing a claimant's so-called "disregarded earnings" from
3 30 percent to 50 percent of the claimant's weekly wage, the amount of
4 unemployment benefits available to a partially employed individual increased
5 significantly.

6 (4) Because of the change in disregarded earnings, employers and
7 employees both have less to gain from short-time compensation plans.

8 (5) The application and approval process for short-time compensation
9 plans is an administrative burden for employers.

10 (6) Since 2014, only one employer in Vermont has established a Short-
11 Time Compensation Program.

12 (7) Therefore, the General Assembly finds that 21 V.S.A. chapter 17,
13 subchapter 3, which establishes the Short-Time Compensation Program,
14 should be repealed.

15 Sec. 3. REPEAL

16 21 V.S.A. chapter 17, subchapter 3 is repealed.

17 * * * Ski Tramways * * *

18 Sec. 4. 31 V.S.A. § 707 is amended to read:

19 § 707. REGISTRATION AND FEES

20

1 ~~(a)(1) All fees collected under this section shall be used to provide a special~~
2 fund for the Department to be expended for carrying out its duties under this
3 chapter and may also be expended as provided pursuant to subdivision (2) of
4 this subsection.

5 (2) The Passenger Trainway Board may expend amounts that it
6 determines to be appropriate from the special fund established pursuant to
7 subdivision (1) of this subsection for the purpose of contributing to ski lift
8 mechanic education, job training, and apprenticeship programs.

9 * * *

10 * * * Effective Date * * *

11 Sec. 5. EFFECTIVE DATE

12 ~~This act shall take effect on July 1, 2019.~~

* * * *Workers' Compensation* * * *

Sec. 1. 21 V.S.A. § 711 is amended to read:

§ 711. WORKERS' COMPENSATION ADMINISTRATION FUND

(a) The Workers' Compensation Administration Fund is created pursuant to 32 V.S.A. chapter 7, subchapter 5 to be expended by the Commissioner for the administration of the workers' compensation and for costs of the occupational disease safety and health programs that are not funded by federal OSHA grants and matching State General Fund appropriations. The Fund shall consist of contributions from employers made at a rate of 1.4 percent of the direct calendar year premium for workers' compensation insurance, one

percent of self-insured workers' compensation losses, and one percent of workers' compensation losses of corporations approved under this chapter. Disbursements from the Fund shall be on warrants drawn by the Commissioner of Finance and Management in anticipation of receipts authorized by this section.

** * **

** * * Short-Time Compensation Program * * **

Sec. 2. FINDINGS

The General Assembly finds:

(1) The Short-Time Compensation Program was enacted in 1986 to assist employers in avoiding layoffs by temporarily reducing the hours worked by some of their employees.

(2) The Program provides partial unemployment insurance benefits to the employees who are working reduced hours.

(3) In 2014, the General Assembly amended 21 V.S.A. § 1338a to change the formula by which partially unemployed individuals who are not covered by a short-time compensation plan are paid partial unemployment benefits. By changing a claimant's so-called "disregarded earnings" from 30 percent to 50 percent of the claimant's weekly wage, the amount of unemployment benefits available to a partially employed individual increased significantly.

(4) Because of the change in disregarded earnings, employers and employees both have less to gain from short-time compensation plans.

(5) The application and approval process for short-time compensation plans is an administrative burden for employers.

(6) Since 2014, only one employer in Vermont has established a Short-Time Compensation Program.

(7) Therefore, the General Assembly finds that 21 V.S.A. chapter 17, subchapter 3, which establishes the Short-Time Compensation Program, should be repealed.

Sec. 3. REPEAL

21 V.S.A. chapter 17, subchapter 3 is repealed.

* * * Self-Employment Assistance Program * * *

Sec. 4. 21 V.S.A. § 1340a is added to read:

§ 1340a. SELF-EMPLOYMENT ASSISTANCE PROGRAM

(a) As used in this section:

(1) "Full-time basis" means that the individual is devoting the necessary time as determined by the Commissioner to establish a business that will serve as a full-time occupation for that individual.

(2) "Regular benefits" shall have the same meaning as in subdivision 1421(5) of this title.

(3) "Self-employment assistance activities" means activities approved by the Commissioner in which an individual participates for the purpose of establishing a business and becoming self-employed, including entrepreneurial training, business counseling, and technical assistance.

(4) "Self-employment assistance allowance" means an allowance payable in lieu of regular benefits from the Unemployment Compensation Trust Fund to an individual who meets the requirements of this section.

(5) "Self-Employment Assistance Program" means the program under which an individual who meets the requirements of subsection (d) of this section is eligible to receive an allowance in lieu of regular benefits for the purpose of assisting that individual in establishing a business and becoming self-employed.

(b) The weekly amount of the self-employment assistance allowance payable to an individual shall be equal to the weekly benefit amount for regular benefits otherwise payable pursuant to this title.

(c) The maximum amount of the self-employment assistance allowance paid pursuant to this section shall not exceed the maximum amount of benefits established pursuant to section 1340 of this title with respect to any benefit year.

(d)(1) An individual may receive a self-employment assistance allowance if that individual:

(A) is eligible to receive regular benefits or would be eligible to receive regular benefits except for the requirements described in subdivisions (2)(A) and (B) of this subsection (d);

(B) is identified by a worker profiling system as an individual likely to exhaust regular benefits;

(C) has received the approval of the Commissioner to participate in a program providing self-employment assistance activities;

(D) is engaged actively on a full-time basis in activities that may include training related to establishing a business and becoming self-employed; and

(E) has filed a weekly claim for the self-employment assistance allowance and provided the information the Commissioner requires.

(2) A self-employment allowance shall be payable to an individual at the same interval, on the same terms, and subject to the same conditions as regular benefits pursuant to this chapter, except:

(A) the requirements of section 1343 of this title, relating to availability for work, efforts to secure work, and refusal to accept work, are not applicable to the individual; and

(B)(i) the individual is not considered to be self-employed pursuant to subdivision 1301(24) of this title;

(ii) an individual who meets the requirements of this section shall be considered to be unemployed pursuant to section 1338 of this title; and

(iii) an individual who fails to participate in self-employment assistance activities or who fails to engage actively on a full-time basis in activities, including training, relating to the establishment of a business and becoming self-employed shall be disqualified from receiving an allowance for the week in which the failure occurs.

(e) The self-employment assistance allowance may be paid to up to 35 qualified individuals at any time.

(f)(1) The self-employment assistance allowance shall be charged to the Unemployment Compensation Trust Fund.

(2) In the event that the self-employment assistance allowance cannot be charged to the Unemployment Compensation Trust Fund pursuant to subdivision (1) of this subsection, the allowance shall be charged in accordance with section 1325 of this title.

(g) The Commissioner may approve a program upon determining that it will provide self-employment assistance activities to qualified individuals.

(h)(1) The Commissioner shall adopt rules to implement this section.

(2) The rules adopted pursuant to this subsection shall include a detailed explanation of how an individual may apply for and establish

eligibility for the Self-Employment Assistance Program and any criteria that the Commissioner will consider in determining whether to approve a program.

(i) The Commissioner may suspend the Self-Employment Assistance Program with approval of the Secretary of Administration and notice to the House Committee on Commerce and Economic Development and the Senate Committee on Finance in the event that the Program presents unintended adverse consequences to the Unemployment Compensation Trust Fund.

Sec. 5. *USE OF SELF EMPLOYMENT ASSISTANCE PROGRAM;*

REPORT

On or before January 15, 2021, the Commissioner of Labor shall submit a written report to the House Committee on Commerce and the Senate Committee on Economic Development, Housing and General Affairs regarding the utilization of the Self Employment Assistance Program during the previous 18 months, including the number of applications received, programs approved, and programs completed, and any recommendations for legislative action to improve the utilization of the Self Employment Assistance Program. The Commissioner shall also present the report in person to both Committees.

** * * Unemployment Insurance * * **

Sec. 6. *21 V.S.A. § 1325 is amended to read:*

§ 1325. *EMPLOYERS' EXPERIENCE-RATING RECORDS;*

DISCLOSURE TO SUCCESSOR ENTITY

(a)(1) The Commissioner shall maintain an experience-rating record for each employer. Benefits paid shall be charged against the experience-rating record of each subject employer who provided base-period wages to the eligible individual. Each subject employer's experience-rating charge shall bear the same ratio to total benefits paid as the total base-period wages paid by that employer bear to the total base-period wages paid to the individual by all base-period employers. The experience-rating record of an individual subject base-period employer shall not be charged for benefits paid to an individual under any of the following conditions:

** * **

(E) The individual was paid wages of \$1,000.00 or less by the employer during the individual's base period.

** * **

** * * Report on Unemployment Insurance for Small Employers * * **

Sec. 7. MITIGATING IMPACT OF EXPERIENCE RATING SYSTEM ON

SMALL BUSINESSES; REPORT

On or before January 15, 2020, the Commissioner of Labor shall submit a written report to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs regarding potential approaches to mitigate the impact of a single separation from employment on a small employer's unemployment

insurance experience rating and contribution rate. The report shall specifically identify and describe provisions in other states' laws that reduce the impact of a single separation from employment on small employers' unemployment insurance experience ratings and contribution rates, and any resulting effect on the state's unemployment insurance trust fund. The report shall also identify any amendments to the Vermont Statutes Annotated that could reduce the impact of a single separation from employment on a small employer's unemployment insurance experience rating and contribution rate and, if possible, make a recommendation for legislative action to accomplish that goal.

** * * Ski Tramways * * **

Sec. 8. 31 V.S.A. § 707 is amended to read:

§ 707. REGISTRATION AND FEES

** * **

(e)(1) All fees collected under this section shall be credited to a special fund for the Department to be expended for carrying out its duties under this chapter and may also be expended as provided pursuant to subdivision (2) of this subsection.

(2) The Passenger Tramway Board may expend amounts that it determines to be appropriate from the special fund established pursuant to subdivision (1) of this subsection for the purpose of contributing to ski lift mechanic education, job training, and apprenticeship programs.

* * *

* * * *Effective Date* * * *

Sec. 9. EFFECTIVE DATE

This act shall take effect on July 1, 2019.