

PA10-011

HB5201

|        |                |    |
|--------|----------------|----|
| House  | 521-528        | 8  |
| Labor  | 274, 279       | 2  |
| Senate | 870, 1064-1066 | 4  |
|        |                | 14 |

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CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
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Finance; 106 to Appropriations; 118 to Appropriations; 143 to Appropriations; 144 to Finance; 145 to Finance; 148 to Appropriations; 151 to General Law; 153 to Finance; 154 to Judiciary; 155 to Planning and Development; 158 to Appropriations; and 37 to Appropriations.

Mr. Speaker, I move we waive the reading of the list of bills to be referred and that the bills be referred to the committees as indicated.

DEPUTY SPEAKER O'ROURKE:

Thank you, Representative Nafis.

The motion before us is to refer the bills to the committees as indicated on the today's go list and reiterated by Representative Nafis.

Is there objection? Is there an objection?  
Hearing none, the bills are referred to the committees as indicated.

Will the Clerk please call Calendar 43.

THE CLERK:.

On page 7, Calendar 43, House Bill Number 5201, AN ACT CONCERNING INTEREST PENALTIES ON LATE PAYMENT OF ASSESSMENTS TO THE SECOND INJURY FUND, favorable report by the Committee on Labor.

DEPUTY SPEAKER O'ROURKE:

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Distinguished chairman of the Labor Committee,  
Representative Ryan.

REP. RYAN (139th):

Thank you, Mr. Speaker.

Mr. Speaker, I move acceptance of the Joint  
Committee's favorable report and passage of the bill.

DEPUTY SPEAKER O'ROURKE:

Motion is on acceptance and passage of the bill.

Will you remark?

REP. RYAN (139th):

Yes, Mr. Speaker.

What this bill does is a technical amendment to  
Section 31-354 and you notice that's going to be an  
amendment that will be coming up. The bill currently  
reads 31-54(a) and it should be 31, dash, 354, which  
would clarify an ambiguity in the penalty provision  
for late payment by employers and insurance companies  
of assessments to the Second Injury Fund.

In 2005, the General Assembly modified the  
interest penalty of Section 31-354(a) to provide a  
late penalty of 15 percent or a minimum of \$50 on  
unpaid assessments or surcharges. Since passage of  
this act, the auditors of public account have  
construed the current statute to mean that an interest

penalty of \$50 is the maximum required by a state. This has resulted in a loss to the state and that's why we're going to add the words "whichever is greater" in Section 31-354 to clarify that a penalty is due to the treasurer by those who fail to timely pay the assessment.

The fiscal impact of the ambiguity continues to worsen. Currently, in the fourth quarter of 2009, the Second Injury Fund collected a total of \$8.9 million in assessments from 473 companies. Of these companies, 78 paid the assessments after the due date. Had the law clearly allowed the Second Injury Fund to impose a 15 percent penalty for late filings, the fund would have collected approximately \$185,307 in penalties from those companies submitting assessments.

In other words, 16 and half percent of the companies filing assessments with the fund filed late during the fourth quarter of 2009, and as more companies realize that the fund is not charging an appropriate penalty for late filings and delayed their payments, the fund won't have the necessary funds to provide needed benefits for our injured workers.

Passage of the proposal will ensure that the legislative intent of imposing a meaningful penalty

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for late payments is realized. The technical change has the support of the Second Injury Fund Advisory Board, whose members are representatives of the industry.

And it's -- noting it's -- bear to note that we believe that this won't have a -- the clarifying language won't impose additional burdens on our businesses during this difficult time.

As I mentioned, we do have to make one small change in the bill. Mr. Speaker, will the Clerk please call 3071 and read it?

DEPUTY SPEAKER O'ROURKE:-

The Chamber will stand at ease for just a minute while we locate the amendment.

(Chamber at ease.)

DEPUTY SPEAKER O'ROURKE:

Clerk please call LCO 3071.

THE CLERK:

LCO Number 3071, House "A" offered by Representative Ryan and Senator Prague.

In line 1, strike, 31-54, and insert, 31-354, in lieu thereof.

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DEPUTY SPEAKER O'ROURKE:

Thank you, Mr. Clerk.

Representative Ryan.

REP. RYAN (139th):

Thank you, Mr. Speaker.

As I mentioned, this simply corrects a mistake in the bill in referring to the right, or citing the rights sections of the statutes and we want to make -- correct that mistake. So I move for adoption.

DEPUTY SPEAKER O'ROURKE:

Motion is adoption. Will you remark? Will you remark on the amendment the amendment before us? Will you remark? If not, I'll try your minds. All those in favor of adoption of House "A," signify by saying, aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER O'ROURKE:

Those opposed?

The ayes have it. The amendment is adopted.

Representative Ryan, will you remark?

REP. RYAN (139th):

Thank you, Mr. Speaker.

With that amendment, the bill is now in the form

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that we would like to have it in. And I believe it will go a long way to ensuring that the proper penalties are paid for people making late payments to the Second Injury Fund. I'd ask my colleagues to support this legislation. Thank you.

DEPUTY SPEAKER O'ROURKE:

Thank you, Representative Ryan.

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. Good afternoon,  
Mr. Speaker.

DEPUTY SPEAKER O'ROURKE:

Good afternoon, Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker.

DEPUTY SPEAKER O'ROURKE:

I had to find the button there for a minute.

REP. NOUJAIM (74th):

Mr. Speaker, the Chairman of the Labor Committee might think that I am rising to oppose this bill, but contrary to his belief, I am in support of this bill.

It came before the Labor Committee. We voted on it unanimously. It will correct an issue that has been antiquated and has been in the back of the books

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for a long, long time and we need to move on with the times.

It will reflect the new technology and the new issues that we face in our State. And I do urge my colleagues to support this bill. Thank you, Mr. Speaker.

DEPUTY SPEAKER O'ROURKE:

Thank you, Representative Noujaim.

Will you remark? Will you remark on the bill as amended? If not, staff and guests come to the well of the House. Members please be seated. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the chamber. The House is taking a roll call vote. Members to the chamber, please.

DEPUTY SPEAKER O'ROURKE:

Have all members voted? Have all members voted? Will members please check the board to determine if your vote has been properly cast. If all members have voted, the machine will be locked and the Clerk will take a tally.

The Clerk, please announce the tally.

THE CLERK:

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House Bill 5201 as amended by House "A."

|                             |     |
|-----------------------------|-----|
| Total Number voting         | 145 |
| Necessary for adoption      | 73  |
| Those voting Yea            | 145 |
| Those voting Nay            | 0   |
| Those absent and not voting | 6   |

DEPUTY SPEAKER O'ROURKE:

The bill passes.

Clerk, please call Calendar 44.

THE CLERK:

On page 7, Calendar 44, substitute for House Bill  
Number 5219, AN ACT EXTENDING STATE CONTINUATION OF  
HEALTH INSURANCE COVERAGE, favorable report by the  
Committee on Insurance.

DEPUTY SPEAKER O'ROURKE:

The Chair recognizes Representative Fontana.

REP. FONTANA (87th):

Thank you, Mr. Speaker. Good afternoon to you.

DEPUTY SPEAKER O'ROURKE:

Good afternoon to you, sir.

REP. FONTANA (87th):

Mr. Speaker, I move for acceptance of the Joint  
Committee's favorable report and passage of the bill.

DEPUTY SPEAKER O'ROURKE:

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THE CHAIR:

Without objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President.

Calendar 313, House Bill Number 5002, move to  
place this item on the consent calendar.

THE CHAIR:

Without objection, so ordered, sir.

SENATOR LOONEY:

Thank you, Mr. President.

Moving to calendar page 20, Calendar 314, House  
Bill Number 5201, Mr. President, move to place this  
item on the consent calendar.

THE CHAIR:

Seeing no objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President.

Calendar 315, PR; Calendar 316, Senate Bill  
Number 278, Mr. President, move to refer this item to  
the Appropriations Committee.

THE CHAIR:

Without objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President.

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Bill 5265; Calendar 313, substitute for House Bill 5002.

Calendar page 20, Calendar 314, House Bill 5201.

Calendar page 24, Calendar 340, substitute for Senate Bill 175.

Calendar page 25, Calendar 346, substitute for Senate Bill 151; Calendar 350, Senate Bill 333; Calendar 371, substitute for House Bill 5014.

Calendar page 26, Calendar 375, House Bill 5320.

Calendar page 27, Calendar 379, substitute for House Bill 5278; Calendar 380, substitute for House Bill 5452; Calendar 381, substitute for House Bill 5006; Calendar 382, House Bill 5157.

Calendar page 28, Calendar 384, substitute for House Bill 5204.

Calendar page 29, Calendar 395, substitute for Senate Bill 127; Calendar 396, Senate Bill 147.

Calendar page 30, Calendar 413, House Bill 5024; Calendar 414, substitute for House Bill 5401.

Calendar page 31, Calendar 419, substitute for House Bill 5303.

Calendar 32 -- page 32, Calendar Number 421, substitute for House Bill 5388; and on calendar page 34, Calendar 46, substitute for Senate Bill 68;

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Calendar 50, substitute for Senate Bill 17.

Calendar page 35, Calendar 64, substitute for  
Senate Bill 187.

Calendar page 37, Calendar 109, substitute for  
Senate Bill 189.

Calendar page 39, Calendar Number 148, substitute  
for Senate Bill 226.

Calendar page 40, Calendar 182, substitute for  
Senate Bill 218.

Calendar page 41, Calendar 188, substitute for  
Senate Bill 200.

Mr. President, that completes those items placed  
on the consent calendar.

THE CHAIR:

All right. If the Clerk has made an announcement  
that a roll call vote is in progress in the Senate on  
the first consent calendar, the machine will be open.  
Senators may cast their vote.

THE CLERK:

The Senate is now voting by roll call on the  
consent calendar. Will all Senators please return to  
the chamber. The Senate is now voting by roll call on  
the consent calendar. Will all Senators please return  
to the chamber.

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THE CHAIR:

Would all Senators please check the roll call board to make certain that your vote is properly recorded. If all Senators have voted and if all votes are properly recorded, the machine will be locked, and the Clerk may take a tally.

THE CLERK:

Motion is on adoption of Consent Calendar Number 1.

|                             |    |
|-----------------------------|----|
| Total Number Voting         | 35 |
| Those voting Yea            | 35 |
| Those voting Nay            | 0  |
| Those absent and not voting | 1  |

THE CHAIR:

Consent Calendar Number 1 is passed.

Are there any announcements or points of personal privilege? Are there any announcements or points of personal privilege?

Senator LeBeau.

SENATOR LEBEAU:

Thank you, Mr. President, for a -- for an announcement.

THE CHAIR:

Please proceed.

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**LABOR AND  
PUBLIC EMPLOYEES  
PART 1  
1 – 352**

**2010**

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TESTIMONY OF  
**THE CONNECTICUT MESSENGER COURIER ASSOCIATION**  
**THE CONNECTICUT COALITION OF PROPERTY OWNERS**  
**THE GREATER DANBURY CHAMBER OF COMMERCE**  
**THE LUMBER DEALERS' ASSOCIATION OF CONNECTICUT**  
**THE MILFORD CHAMBER OF COMMERCE**  
**THE NORTHWEST CONNECTICUT CHAMBER OF COMMERCE**  
 BEFORE  
 THE LEGISLATURE'S LABOR & PUBLIC EMPLOYEES COMMITTEE  
 2:00 PM, TUESDAY, FEBRUARY 23, 2010  
 ROOM 1E, LEGISLATIVE OFFICE BUILDING  
 HARTFORD, CONNECTICUT

Good afternoon. My name is Marshall R. Collins. I am appearing in my capacity as Counsel for Government Relations for the aforementioned six organizations (the "Organizations"). Collectively they represent more than 4,000 employers of approximately 130,000 men and women in Connecticut.

The Organizations oppose **SB 61 AA Removing The Requirement Of Employer Or Insurer Preapproval For The Provision Of Certain Medical Examinations And Treatment To Injured Workers.**

The bill appears to delete the preapproval requirement for various medical treatments which the 1993 workers' compensation reforms adopted as an important cost saving measure. The Organizations believe that now more than ever it is important to fairly control workers' compensation costs. If an employer unfairly withheld approval of appropriate treatment, sufficient appeal provisions exist. Consequently there is little reason to increase workers' compensation costs.

The Organizations also oppose **HB 5201 AAC Interest Penalties On Late Payment Of Assessments To The Second Injury Fund.**

This bill eliminates the discretion of the agency regarding fines. Instead of fining a late payer 15% or \$50 the penalty would be increased to 15% or \$50 whichever is greater. This may unfairly penalize the struggling employer that inadvertently is late with a payment. In this difficult economy it is unnecessary to add even more burdens to an employer that makes an innocent mistake.

This completes my testimony. Thank you for your consideration.



Testimony of Denise L. Nappier  
Treasurer of the State of Connecticut

SUBMITTED TO THE LABOR & PUBLIC EMPLOYEES COMMITTEE  
FEBRUARY 23, 2010

Senator Prague, Representative Ryan, and members of the Labor and Public Employees Committee, thank you for the opportunity to offer testimony in support of *Raised Bill No. 5201, An Act Concerning Interest Penalties on Late Payment of Assessments to the Second Injury Fund.*

This proposal is a technical amendment to Sec. 31-354(a) which would clarify an ambiguity in the penalty provision for late payment by employers and insurance companies of assessments to the Second Injury Fund. (Please note that there is a typographical error in the raised bill: reference is made to section 31-54 of the general statutes, rather than 31-354.)

By way of background, in 2005 I proposed legislation that reflected the recommendations of the Second Injury Fund Advisory Board and my office that clarified Second Injury Fund's statutes, practices and formulas for assessments. We successfully achieved consensus on a number of important issues which resulted in passage of Public Act 05-199. Among these issues, there was amendment to the interest penalty provision of Section 31-354(a) to provide a late penalty of fifteen per cent or a minimum of fifty dollars on unpaid assessments or surcharges.

Since passage of this act, the Auditors of Public Accounts have construed the current statute to mean that an interest penalty of \$50 dollars is the maximum required by statute. Adding the words "whichever is greater" to Section 31-354 clarifies which penalty is due the Treasurer by those who fail to timely pay the assessment. As a result of this ambiguity, the Second Injury Fund has not imposed any penalties and, consequently, late payments to the Second Injury Fund declined from \$251,000 in Fiscal Year 2005 to \$55,000 in Fiscal Year 2006.

The fiscal impact of this ambiguity continues to worsen. Specifically, in the fourth quarter of FY 2009, the Second Injury Fund collected a total of \$8.9 million in assessments from 473 companies. Of these companies, 78 paid their assessments after the due date. Had the law clearly allowed the Second Injury Fund to impose a 15 percent penalty for late filings, the Fund could have collected approximately \$185,307 in penalties from those companies submitting assessments. In other words, 16.5% of the companies filing assessments with the Fund filed late during the fourth quarter of 2009. As more companies realize that the Fund is not charging an appropriate penalty for late filings and delay their payments, the Fund will not have the necessary funds to provide needed benefits to our injured workers.

Passage of this proposal would ensure that the legislative intent of imposing a meaningful penalty for late payments is realized. This technical change has the support of the Second Injury Fund Advisory Board whose members are representative of the industry.

It bears noting that the Treasury believes that this proposal represents clarifying language that will not impose additional burdens on our business community during these difficult times. I am pleased that during the past eleven years of my administration, we have maintained or reduced the assessment rates on insurers and employers. This was accomplished through prudent management of our claims base and judicious settlement of outstanding claims. The cumulative effect of the rate reductions since 1999 has been a net savings of \$482 million for Connecticut businesses. This also reflects a total reduction of 72.5% in rates assessed for insurance companies and 73.5% for self-insured employers. In these uncertain times, my administration continues to work diligently to pass along savings to Connecticut businesses without compromising any benefits due to Connecticut workers.

For all of these reasons, I urge your favorable consideration of this bill.