

PA13-252

SB0906

House	10718-10721	4
Labor	690-696, 731-733, 736, 737, 766, 767, 883-885, 899	18
Senate	4247-4252	6
		28

H - 1180

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2013**

**VETO
SESSION**

**VOL.56
PART 31
10451 - 10795**

Absent and not voting 5

SPEAKER SHARKEY:

The bill passes. Representative Aresimowicz.

REP. ARESIMOWICZ (30th):

Mr. Speaker, I move we send House Bill 6341 to
the Senate.

SPEAKER SHARKEY:

The question is immediately transmit the
aforementioned bill to the Senate. Is there
objection? Seeing none, so ordered. Will the Clerk
please call -- Clerk please call Calendar number 680.

THE CLERK:

Calendar number 680, page 32, favorable report of
the joint standing Committee on Banks, AN ACT
CONCERNING DIRECT DEPOSIT WAGES.

(SB 906)

SPEAKER SHARKEY:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you, Mr. Speaker. I move for the
acceptance of the joint committee's favorable report
and passage of the bill in concurrence with the
Senate.

SPEAKER SHARKEY:

The question is acceptable of the joint

committee's favorable report and passage of the bill in concurrence with the Senate. Will you remark, Sir?

REP. TERCYAK (26th):

The Clerk has an amendment, LCO 8303. I ask please be granted leave of the Chamber to summarize.

SPEAKER SHARKEY:

Would the Clerk please call LCO 8303 which will be -- previously designated as Senate Amendment A. Again if the Clerk would call LCO 8303 which has been previously designated Senate Amendment A.

THE CLERK:

Senate Amendment A, 8303 introduced by Senator
Osten et al.

SPEAKER SHARKEY:

The Gentleman seeks leave of the Chamber to summarize. Is there objection? Is there objection? Seeing none, you may proceed, Sir.

REP. FOX (146th):

Thank you very much, Mr. Clerk. This is a strike all amendment that will allow Catholic schools to pay their employees on a 12 month schedule rather than just during the school year. I move adoption.

SPEAKER SHARKEY:

The question is adoption of Senate Amendment A.

Will you remark? Representative Smith.

REP. SMITH (108th):

Mr. Speaker, the Chairman described it very well. I urge my colleagues to support it. Thank you.

SPEAKER SHARKEY:

Thank you, Sir. The question is adoption of Senate Amendment A. Will you remark? Will you remark? If not, let me try your minds. All those in favor of Senate Amendment A please signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER SHARKEY:

Those opposed, nay. The ayes have it. The amendment is adopted. Would you care to remark on the bill as amended? Would you care to remark further on the bill as amended? If not, staff and guests to the well of the House. Members take your seats and the machine will be opened.

THE CLERK:

The House of Representatives is voting by roll.
The House of Representatives is voting by roll. Will members please return to the Chamber immediately.

SPEAKER SHARKEY:

Have all the members voted? Have all the members voted? Members please check the board to make sure your vote is properly cast. If all the members have voted the machine will be locked and the Clerk will take a tally. Clerk, please announce the tally.

THE CLERK:

In concurrence with the Senate, Senate Bill 903
amended by Senate A.

(SB906)

Total Number Voting	144
Necessary for Adoption	73
Those voting aye	144
Those voting nay	0
Absent and not voting	6

SPEAKER SHARKEY:

The bill as amended passes in concurrence with the Senate. Will the Clerk please call Calendar 635.

THE CLERK:

On page 27, Calendar 635, favorable report of the joint standing Committee on Human Services, substitute Senate Bill 896, AN ACT CONCERNING A HOMELESS PERSON'S BILL OF RIGHTS.

SPEAKER SHARKEY:

Representative Johnson.

REP. JOHNSON (49th):

S - 665

**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2013**

**VOL. 56
PART 14
4130 - 4472**

SENATOR LOONEY:

Thank you, Madam President.

And then if we might mark as, as go an item on Calendar page 33, Calendar 125, Senate Bill 906. I would ask that that matter be called next. I believe there will be a strike-all amendment.

Thank you, Madam President.

THE CHAIR:

Thank you.

Mr. Clerk.

THE CLERK:

On page 33, Calendar 125, Senate Bill Number 906, AN ACT CONCERNING DIRECT DEPOSIT OF WAGES, Favorable Report of the Committee on Labor and Public Employees.

THE CHAIR:

Senator Osten.

SENATOR OSTEN:

Madam President, I move acceptance of the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

The motion is on acceptance and passage. Will you remark, ma'am?

SENATOR OSTEN:

Madam President, the Clerk is in possession of LCO Amendment Number 8303. I move the amendment and seek leave to summarize, and this would be a strike-all amendment.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO Number 8303, Senate "A" offered by Senator Osten,
et al.

THE CHAIR:

Senator Osten.

SENATOR OSTEN:

Thank you very much, Madam President.

This amendment would allow Catholic school teachers to be paid 12 months out of the year. It turns out that that had not been allowed previously, and it's a very simple amendment, and I, I move its adoption.

THE CHAIR:

Will you remark further? Will you remark further on Senate "A"?

Seeing not, I will try your minds. All those in favor of Senate "A" please vote, say aye.

SENATORS:

Aye.

THE CHAIR:

Opposed.

SENATOR:

Opposed.

THE CHAIR:

And Senate "A" passes.

Just to keep you on your toes, Senator Osten.

Proceed, ma'am.

SENATOR OSTEN:

I move, I move adoption of the bill as amended and if appropriate move it to the Consent Calendar.

THE CHAIR:

Is there any objection?

Seeing no objection, so ordered.

Senator Looney.

SENATOR LOONEY:

Yes, Madam President, if we might stand at ease for just a moment.

THE CHAIR:

The Senate will be standing at ease.

(Chamber at ease.)

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, I have, I have one item to add to our Consent Calendar and then would call, ask for a listing of the items on the Consent Calendar and a vote on that Consent Calendar. That item, Madam President, is Calendar page 21, Calendar 605, House Bill 6567. Would move to place that item on the Consent Calendar.

THE CHAIR:

Seeing no objections, so ordered, sir.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, if the other items marked go would now be marked passed retaining their place on the Calendar, and if the Clerk would read the items on the second Consent Calendar so that we might proceed to a vote on that second Consent Calendar.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On the second Consent Calendar for the day, page 6, Calendar 348, House Bill 5767; Calendar 352, House Bill Number 6452; also on page 6, Calendar 354, House Bill 6388; on page 7, Calendar 368, Senate Bill 900; page 18, Calendar 573, House Bill 6524; page 20, Calendar 591, House Bill 5727; Calendar 592, House Bill 5979; Calendar 593, House Bill 6523; Calendar 594, House Bill 6596; page 21, Calendar 605, House Bill 6567; page 23, Calendar 615, House Bill 6638; on page 24, Calendar 618, House Bill 6433; and Calendar 619, House Bill 6482; on page 33, Calendar 125, Senate Bill 906; and page 39, Calendar 422, House Bill 5718.

THE CHAIR:

Mr. Clerk, will you call for a roll call vote. Oops, hold on a moment.

Senator Looney.

SENATOR LOONEY:

Yes, Madam President.

Just I wanted to indicate did we get the item on Calendar page 33 --

THE CHAIR:

Yes, sir.

SENATOR LOONEY:

-- Calendar 125, Senate Bill 906?

THE CHAIR:

Yes, sir.

SENATOR LOONEY:

Good. Thank you very much, Madam President.

THE CHAIR:

Yeah.

SENATOR LOONEY:

I appreciate it and move that we vote the Consent Calendar.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Immediate roll call has been ordered in the Senate.
Senators please return to the Chamber. Immediate roll call on Consent Calendar 2 has been ordered in the Senate.

THE CHAIR:

The machine is open.

THE CHAIR:

Senator Boucher.

No problem.

Senator Maynard.

Thank you.

If all members have voted, all members have voted, the machine will be closed.

Mr. Clerk, will you call the tally.

THE CLERK:

On the second Consent Calendar for today,

Total Number Voting	34
Necessary for Adoption	18
Those voting Yea	34
Those voting Nay	0
Those absent and not voting	2

THE CHAIR:

Thank you. The Consent Calendar, second Consent Calendar passes.

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President, first of all for a, a journal notation.

THE CHAIR:

Please proceed, sir.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, Senator Coleman was absent today due to illness. We hope that he will be back with us next week, missed votes today. And also for a point of personal privilege, Madam President.

THE CHAIR:

Please proceed.

SENATOR LOONEY:

Thank you.

Madam President, two of our wonderful caucus colleagues on the, the Democratic staff in great

**JOINT
STANDING
COMMITTEE
HEARINGS**

**LABOR AND
PUBLIC EMPLOYEES
PART 2
365 - 714**

2013

immediate supervisors evaluate employees, for example. The job of training is not a major role in the administration of collective bargaining agreements or major personnel decisions.

Our members train and supervise training and agencies. The legislation would be more effective in achieving its stated goals if the last phrase, including "staffing, hiring, firing, evaluation, promotion, and training of employees" were deleted from the end of the subsection.

At the very least, we would like to see the words "evaluation and training" removed from subsection G division -- subdivision 4, as they are not consistent with the beginning of subsection G, subdivision 4, and work against the stated purposes of legislation. Thank you very much for the opportunity to -- for speaking today.

SENATOR OSTEN: Thank you very much for coming up. Are there any questions?

LAILA MANDOUR: Thank you.

SENATOR OSTEN: Seeing none, thank you very much. Raphe, followed by Frank Ricci and then Gary Buzelle.

RAPHAEL PODOLSKY: Thank you very much, Senator Osten, members of the committee. My name is Raphael Podolsky. I'm a lawyer with the legal assistance resource center in Hartford. We're part of the legal aid programs. I'm here testifying in support of Senate Bill Number 906, which is about the identification of directly deposited wages.

I know there's been some misunderstanding of

this bill, so let me try and tell you what I see the bill as being about. It really deals with kind of a inter relationship between the direct deposit of wages and the -- and the protection of exempt wages once they've been deposited into a bank account.

Essentially the bill does one thing and one thing only, and that is it requires that wages, when they are directly deposited, be electronically tagged by the depositor as being wages. It does not require that they be identified as exempt. It does not require that the deposit be itemized.

It does not make anything exempt that is not already exempt, and it is not about payroll cards. It does one thing and one thing only.

The problem this addresses -- this is really the first step of identification of the problem. In general funds retain their exemption when they are put into a bank account. Social Security, veteran's benefits, child support, welfare, wages. A portion of wages actually are exempt. When they go into a bank account they remain exempt. They are exempt from being attached by creditors. The problem is that a bank cannot fully protect those funds if they don't know what they are.

And so we have a statute, the banking section, that essentially says if certain things are readily identifiable to the bank, then instead of freezing all that -- all that amount in the account and forcing the customer, the debtor to go through a court procedure that will tie up the funds for approximately 30 to 45 days, the bank will protect and not execute on the first \$1,000 in that account.

So that's our law in regard to Social

Security, for example. Because those funds come electronically tagged. It's readily identifiable to the bank that they're Social Security. This is extremely important for people who live off periodic income, because if you don't have any other funds than these and your bank account is executed on and tied up say a month, you will not be able to pay your rent, you will not be able to get food at the grocery store, you will not be able to take money out of your ATM account because it's all frozen.

And so for people who don't have other resources, they cannot pay any of their bills or buy anything. So that's what makes it important. Under -- the federal government has special rules that deal with Social Security and veteran's benefits that are broader and more protected than what we have under state law.

What this bill does is it says that if a direct deposit of wages is identified electronically as being wages, not as being exempt, as being wages, then if we make an adjustment ultimately on our bank account execution statute, wages will be movable into the readily identifiable category.

But the precondition of doing that is it has to be possible electronically for the bank to identify them. And that's all that this bill does. I hope that the committee will move this bill forward.

SENATOR OSTEN: Thank you very much. And is it -- I just have one, and you may or may not know this. Is it not sort of more of the practice now that many people are moving towards electronic depositing of wages?

RAPHAEL PODOLSKY: Yes. I mean, I think that -- I think that's the case. And in fact I am told -- I had some conversations with people in the payroll servicing industry, the companies that -- that write paychecks. And I was told that actually one of the reasons that some employees are likely to resist direct -- resist direct deposit and want to keep getting a paper check is because they are afraid if the money is -- if their wages are directly deposited into a bank account it will get executed on by creditors.

So that by having a more effective protection system for that, it actually would lead in the long run to more employees being willing to accept a direct deposit system, which I think is of interest -- benefit both to employers and as well to the payroll companies.

SENATOR OSTEN: Certainly cheaper for employers.

RAPHAEL PODOLSKY: I would think so.

SENATOR OSTEN: Are there any further questions? Representative Smith?

REP. SMITH: Thank you, Madame Chair. Just two questions. The tagging of the wages, does that cost any money to the employer?

RAPHAEL PODOLSKY: To my knowledge, no. I mean, I know that CBIA will be testifying, and I've been told that it's not as easy as it looks. I think -- I've been in touch with payroll association companies, and that isn't the response I've gotten.

The -- I think -- I don't think I can give you an authoritative answer on what costs might be. What it really means, all the information that is needed is already there. In other

words, payroll -- the payroll company knows that it's -- that it's payroll, and so it's not like they don't know that they're dealing with payroll.

And in addition, if you look either at a direct deposit bank statement that's printed out or if you look at your W2 form, you will see that there's information like the amount of earnings that's already there, which means it's in the computer system.

It's not something new that has to be put into a computer system that's not already being inputted. What it has to do, though, is it has to be able to have kind of an on/off tag for that category, to say this is a wage or earnings deposit or this -- actually basically that it includes wages or earnings in the deposit.

And I -- I can't say but I'm sure that exactly what goes through a payroll system changes all the time, and I cannot imagine that this is a substantial change.

REP. SMITH: And if these wages are tagged, as a fact that they're wages, under the current law are they automatically exempt from attachment, or a certain percentage?

RAPHAEL PODOLSKY: No. You need to distinguish from what's exempt from what the procedure is by which a bank protects the exempt wages. Wages -- wages up to 25 percent of your wages, but always at least 40 times the state minimum wage are exempt. Now, that has not changed in any way.

So wages -- this portion of wages are already exempt just like all of Social Security is exempt. But there's sort of a two-tier system

by which the bank protects those exempt deposits. Tier one being the bank -- it's readily identifiable to the bank what's in the account, and Tier 2 being it's not readily identifiable to the bank.

And our statute at the request of the bank specifically identifies what is readily identifiable. So wages are not on that list because they are not readily identifiable. If they become readily identifiable through tagging, then I think it would take a second amendment to the banking statutes to say now we're going to move those into the readily identifiable category.

So it doesn't add anything to exemption. The exemption is the same. There is no change. IT has to -- it creates the capacity to move from Tier 2 to Tier 1 in terms of how the bank handles an execution when it's known that the account has wages in it. They would do it then more like Social Security or child support.

REP. SMITH: And if an employee wants to have the wages tagged, do they have discretion to say I only want 40 percent or 20 percent or is it -- do they have that discretion or is it --

RAPHAEL PODOLSKY: No. This is not about the employees or the employer doing anything other than -- the entity that is doing the -- doing the depositing, which I guess could be the employer or --

REP. SMITH: No. I understand that. So if you have payroll, but can the employer direct to the payroll, listen, I only want 40 percent of my wages direct deposit, the rest I'd like to get a check.

RAPHAEL PODOLSKY: Oh, yeah. No, it doesn't change that. I see, you're saying if for example, the employee wanted to split their -- no, it doesn't change that. whatever they can do now they can still do. The part that goes -- is direct deposit would come tagged as wages. The part that's a check would just be a check. So it doesn't -- that's -- that remains the same.

REP. SMITH: Okay. Thank you.

SENATOR OSTEN: Any further questions? Seeing none, thank you very much.

RAPHAEL PODOLSKY: Thank you very much.

SENATOR OSTEN: Thank you. Next, Gary Bezell and followed by John Beauregard.

FRANK RICCI: It's an honor to be before this distinguished com. My name is Frank Ricci. I'm a lieutenant with the New Haven Fire Department. I'm also a contributing editor to Fire Engineering Magazine, and a contributing author to two books, the Firefighter's Handbook and, along with Dr. Cohen from Yale University, Carbon Monoxide Poisoning.

I'm here today for New Haven Firefighters. New Haven Firefighters support Bill Number 925, AN ACT CONCERNING WORKER'S COMPENSATION COVERAGE FOR FIREFIGHTERS.

Whether your home or business or work place is on fire, firefighters throughout the state answer the alarm within minutes. The firefighters protect lives, tax base, and yes, jobs. Firefighting is dangerous and has many inherent risks.

Passage of this bill would bring our coverage

**JOINT
STANDING
COMMITTEE
HEARINGS**

**LABOR AND
PUBLIC EMPLOYEES
PART 3
715 - 1077**

2013

wanted to make mention on 5533 which you said you're opposing because there's a lack of clarity, what the bill does I proposed this bill last year and we had it pretty much spelled out and I would agree with you that this is very vague and maybe between now and the time we work on the bill maybe we could make it clearer what the intent of it was.

And using (inaudible) the statement of trying to level the playing field while we're trying -- all I tried to do last year, and I think it was -- the bill is attempting to do this year -- is to get some parity between the two contributions. Right now it's those few and the municipalities looking for some relief.

And you and I had many discussions about this last year, so I think you know what the intent of it is, but it has to be spelled out so you could understand whether you're going to support it or oppose it further.

PAUL RAPANAULT: Correct.

REP. ESPOSITO: Thank you. Thank you, Madame Chair.

SENATOR OSTEN: Thank you. Are there any further questions? Seeing none, thank you very much, Paul.

PAUL RAPANAULT: Thank you.

SENATOR OSTEN: Sara Poriss, followed by Martin Acevedo, followed by Eric Gjede.

SARA PORISS: Good afternoon. Thank you for having me today. My name is Sara Poriss. I'm a local solo attorney. I've submitted some written testimony. I have been an attorney for ten years and I've worked exclusively in the area of consumer law and for the last six

SB 906

years I've helped people almost exclusively who were in debt.

People being sued on credit card debt, medical debt, things like that. I actually got -- the bill I'm here in support of if Senate Bill 906, AN ACT CONCERNING INDENTIFICATION OF WAGES, DIRECT DEPOSIT OF WAGES. I get a lot of new clients when they first learn of a bank execution on their bank account, and most of the time it was their paycheck that was just frozen.

And they have no money until their next paycheck, so people I work with are already living paycheck to paycheck and they go to the store one day or go to buy gas or what have you and they put their card in the ATM machine and nothing comes out and they're told there's a garnishment on their account.

And it's almost always, you know, under \$1,000. It's almost always what they need to get by for the next week. They've almost always written a check already from the funds or they're about to before they learn that their account has been frozen.

The reason I think they -- the statute needs to be changed and direct deposits need to be identified as wages is so that they can be -- so it's obvious that it isn't lottery winnings or a gift from grandma or some other kind of asset that would be attachable.

Wages are exempt from bank execution but at this point you have to apply for that exemption and that's a really long process. And in the meantime there's no money. You know, usually sometimes two weeks until the next paycheck. Right now identifying direct deposit of wages as wages wouldn't change that

issue, but it would make my job a lot easier.

People call me, what can I do? Help me, they're crying, they're frustrated. They haven't been able to buy groceries all weekend. It usually happens on a Monday. And what do I do? I end up helping them for free.

So I think that -- and if I make the call to the attorney's office who requested the execution in the first place, and I say, look, it's their paycheck. They're going to file for the exemption anyways, could you -- but it doesn't look like they're paychecks then it's harder.

So if it's obvious that it's payroll or wages or earnings of some kind, it's just easier to help someone until we get the other statute changed to make wages asthmatically exempt like child support and Social Security and other benefits.

I don't think it's that difficult to have direct deposit of wages identified as wages. I think that all the payroll companies could probably could simply add the word payroll or wages to what they already say, and so I wonder if the panel has any questions.

SENATOR OSTEN: Does anybody have any questions?
Seems like a simple fix to us so far.

SARA PORISS: Great, great.

SENATOR OSTEN: Thank you very much.

SARA PORISS: Okay. Thank you.

SENATOR OSTEN: Martin Ecevedo, followed by Eric Gjede, followed by Laura Cummings.

was found that a companion employed by Griswold in special care, a well-known registry chain, was found to be an employee and not an independent contractor under the so-called ABC test.

The case was appealed to the superior court and it was affirmed on appeal, so it remains good law. Even the Department of Labor has issued a memorandum going back to 1988 which warns registries not to advise customers that registry workers are independent contractors.

And there's a second circuit case which is binding in Connecticut which held that aides recruited by New York registry were employees of the registry and therefore protected by the provisions of the Fair Labor Standards Act.

In conclusion, public policy compels the passage of this bill. Misclassification hurts workers, it reduces tax revenues and creates unfair competition for law-abiding employers and we strongly urge this committee to move the bill forward.

SENATOR OSTEN: Thank you very much, Martin. Are there any questions? Seeing none, thank you for your testimony. We really appreciate it. Eric Gjede followed by Laura Cummings.

SB906 HB5686

ERIC GJEDE: Good evening. My name is Eric Gjede from CBIA. I'm here today to talk about four bills, although I did submit testimony on a variety of others. The first bill I'd like to talk about is Proposed Bill 54, AN ACT ESTABLISHING A RETIREMENT SAVINGS PLAN.

HB5701

There seems to be some confusion about whether or not the intent was to have this be a state-administered plan or not, so I'm going to go under the assumption that it was considering

that is the language within the bill.

Any new defined benefit plan administered by the state would obviously necessitate the hiring of additional state employees to run the program. It would also require the state to incur risk and additional fiduciary duties.

And given the fact that the state doesn't seem to be the best at running these things, particularly in, you know, the state employee retirement system is currently 48 percent unfunded, we would say that again there are better private sector options that anyone can apply for, like IRAs, 401Ks, etc.

We're also here to oppose 906, AN ACT CONCERNING DIRECT DEPOSIT OF WAGES. The bill requires you to identify the wages. Unfortunately, paychecks that are directly deposited into your bank account are made of more than just wages. It also contains things like mileage reimbursements, expense reimbursements, that type of thing, which means they would need slightly more complex codes.

In addition to the development of the new codes, they would also need to train all the members of the payroll department of a company and the payroll providers on how to use these new codes, and again, that would also incur costs and any wrong coding done by an employer could essentially lead to liability.

I'm also here today to support House Bill 5686, concerning the minimum base period wages. This would adjust the threshold earnings an employee needs to earn from \$5,00 to \$2,000 before an employee's eligible to receive unemployment benefits from an employer.

Where in the administrative agency Workers' Compensation does it allow for an office manager to refer to an injured worker as a problem case, and/or to keep the file in the open office for others to view.

The Labor Committee should propose changes to legislation and the compensation act that prevents such interferences from occurring. Why should anyone support the Raised Bill 207 when, in fact, it ultimately sugar coats and denies injured workers treatment, benefits whenever related to accepted claims or not, and allow employers and commissioners to manipulate the facts surrounding the claim by adding such requirements, and who -- and who are not licensed medical professionals.

(SB 907)

Legislators should concentrate on enacting the Workers' Compensation Act towards June 10th, and not implement and support revolving door techniques. Thank you for this opportunity to speak.

SENATOR OSTEN: Linda, thank you very much for coming today. Are there any questions? Seeing none, thank you very much. Next is Brian Anderson.

BRIAN ANDERSON: Good evening, Chairman Osten, members of the Labor Committee. My name is Brian Anderson. I'm the legislative representative for AFPSME Council 4 Union at 32,000 public and private employees. Council 4 supports Senate Bill 905, AN ACT CONCERNING PORTAL TO PORTAL WORKERS' COMPENSATION COVERAGE FOR MUNICIPAL AND STATE POLICE AND FIRE DISPATCHERS.

SB 907 SB 906
HB 5533 HB 5701
HB 5703

We request that you amend this bill to extend the same Workers' Compensation portal to portal protection that municipal and state

police officers and firefighters have to municipal and state police dispatchers.

The dispatchers have a similar situation in that if there's a blizzard, if there's a tornado, if there's any sort of disaster, they've got to be on those phones. When the governor shut down the highways, the dispatchers were allowed to be on the road, because they had to get to work.

So it just makes state policy consistent and I think it would recognize the importance that the dispatchers do for the good of the state, and if the dispatchers aren't on the job literally the fire and the police can't do their jobs.

Senate Bill 907 is another bill that we support. This is a reasonable bill. It says if an employer is going to block medical coverage for an employee, they've got to give notice. And basically a reason for blocking that coverage on Workers' Comp if they're going to block some kind of medical procedure.

I'd like to correct my written testimony, council support -- we had some concerns about Senate Bill 906. We just talked with one of the people who is involved in that. We actually like that bill and are supportive of it. So I will correct that in the written record.

We support -- rather we oppose Proposed Bill 5533, which asks for an increase in the MERS portion of the employee contribution. MERS has been around since 1947. It's a fully-funded plan. It's a plan that's worked for a long time.

Our municipal members often are low-wage

~~Sarah Poriss~~
Attorney at Law, LLC
www.sarahporiss.com

2074 Park St. 2nd Fl.
Hartford, CT 06106

Ph (860) 593-1758
Toll Free Fax (866) 424-4880

My name is Sarah Poriss and I submit this testimony in support of S.B. No. 906, An Act Concerning Direct Deposit of Wages.

I am a solo attorney and I work almost exclusively with clients who are in debt or who are in foreclosure. Almost every week I receive calls from people who learn that their bank accounts have been subject to execution; they are in a panic: they can't buy groceries, they can't make their rent or mortgage payments and can't make their car payments. They are usually already financially strained and then they learn there is a hold on their account. When they call me they are embarrassed, confused, frustrated and desperate for help. In almost every situation, the caller's wages have just been direct deposited into their bank accounts and they did not know their account was subject to a bank execution. They almost always have also just written checks for rent or car payments from their accounts that will inevitably be dishonored as a result of the bank execution, which will then cause them to incur additional bank fees as well as late fees charged by their creditors/landlords/mortgage lenders. Many times consumers do not even know they had been sued or that there was a judgment against them- but that is another issue to be addressed by a different bill on a different day.

The most I can do for people in this situation is to assure them that future pay checks will not be garnished, and I explain the process of seeking an exemption from the execution. There is already a "catch-all" exemption of up to \$1000, but claiming the exemption is a long, drawn-out process that takes up the resources of the bank and the court. When this "catch-all" exemption is claimed, the judgment creditor and the court almost always agree to release the funds. In the short term the consumer has to wait for their next paycheck which is usually two weeks away; even one week is an eternity when you are already living paycheck to paycheck. The hearing on the claim for exemption from the execution is often 3-4 weeks away from the date the claim is made. The consumer is set back financially by at least a month, and even when their exemption claim is granted, it is difficult to catch up.

This bill will assure that banks will receive the information that will allow them to readily identify these deposits as being wages. The bill does not change the bank account execution statute itself, but it lays the groundwork for changing it in the future. It is therefore crucial for employers to be required to identify payroll direct deposits as wages, and then for bank employees to be educated that they are not to freeze or release up to \$1000 in funds identified as coming from payroll or wages, so that hard-working, already financially strapped consumers are not put even further behind by a bank execution.

Thank you.



27

Testimony of Eric W. Gjede
Assistant Counsel, CBIA
Before the Committee on Labor and Public Employees
Hartford, CT
February 26, 2013

Testifying in Opposition SB-906 An Act Concerning Direct Deposit of Wages

Good Afternoon Senator Osten, Representative Tercyak, and members of the Labor and Public Employees Committee. My name is Eric Gjede and I am assistant counsel at the Connecticut Business and Industry Association (CBIA) which represents more than 10,000 large and small companies throughout the state of Connecticut

CBIA is opposed to SB-906 because of the tremendous cost and potential legal liability it requires the business community to incur.

As the proponents of this bill will note, the federal government uses electronically encoded "tags" to identify directly deposited social security benefits to prevent them from being garnished by the recipient's creditors. The code used by the Social Security Administration is simple and foolproof because they are only depositing a single type of payment into accounts: social security benefits.

However, using these electronic tags to identify wages coming from an employer is significantly more complicated. There are several reasons for this:

1. An individual's paycheck can be composed of a variety of different components, only one of which is the "wages" the bill requires to be electronically encoded. That means each component of a directly deposited paycheck would need its own unique electronic code.
2. The portion of an individual's account that is protected from garnishment by creditors varies from state to state. Therefore, a multitude of new electronic codes would be needed in order to be in compliance and avoid employer liability from both in-state and out of state employees.
3. In addition to the expense involved with developing new codes, there would be significant costs involved in training employees of payroll companies as well as businesses that do their own payroll how to use these codes.
4. If an employer uses the wrong code on a portion of an employee's wages, that employer could potentially be subject to litigation originated by the employee and the employee's creditors.

As a result of the costs and potential liability that would have to be incurred by businesses to comply with this bill, we urge the committee to reject SB-906.

Legal Assistance Resource Center of Connecticut, Inc.

44 Capitol Avenue, Suite 301 ❖ Hartford, Connecticut 06106
(860) 278-5688 x203 ❖ cell (860) 836-6355 ❖ fax (860) 278-2957 ❖ RPodolsky@LARCC.org

S.B. 906 -- Identification of directly-deposited wages

Labor Committee public hearing -- February 26, 2013

Testimony of Raphaël Rodolsky

Recommended Committee action: JOINT FAVORABLE

This bill requires that wages that are paid electronically through direct deposit include an electronic "tag" that identifies them as wages. It does not require anything more than that. In particular, it does not require that the tag indicate whether or not the wages are exempt from execution, nor does it require that the deposit be in any way itemized. It applies to wages only if they are directly deposited

Passage of the bill will make it possible to provide more effective protection for wages that are exempt from execution. Under Connecticut law, 25% of weekly wages (but no less than an amount equal to 40 times the state minimum wage) are exempt from execution by creditors. Those funds remain exempt when they are placed in a bank account. Once in the bank, there are two different procedures for protecting those funds from execution -- a simple automatic procedure for certain specifically-named exempt funds that are "readily identifiable" to the bank as exempt (at present, directly-deposited Social Security, veterans' benefits, and most child support payments) and a complicated, drawn-out, cumbersome procedure for other exempt funds. This bill will make it possible to adjust the bank account execution statute to bring wages into the "readily identifiable" category

What difference does it make? When an execution is served on a bank, the general procedure is that the bank freezes the account, up to the amount of the execution. The bank then sends a form to the customer on which he or she can claim the exemption. The customer must send the form back to the bank, which sends it to the Superior Court, which schedules a hearing, at which the court will decide if the funds are exempt. Until the court acts, the funds are frozen, the customer cannot draw on them, checks will bounce, and ATM and debit card withdrawals will be rejected. The funds are usually tied up for about 25 to 45 days. Many customers do not understand the process, never file a claim form, and lose the funds in entirety. If the customer lives off of those funds, he or she will be unable to buy groceries, pay rent, or meet even the most essential needs while the funds are frozen. The result is devastating, even though the funds are supposed to be exempt.

For Social Security, veterans' benefits, and child support, however, the statute directs the bank NOT freeze the first \$1,000 in the account, so that the customer can spend those funds. The customer has to go through the court process only if he or she claims that more than \$1,000 in the account is exempt. For a low-income worker, this distinction is critical. S.B. 906 will make it possible for directly-deposited wages to be classified as readily identifiable.



Council 4 AFSCME Testimony Labor Committee 2/26/13

My name is ~~Brian Anderson~~. I am a legislative and political representative for Council 4 AFSCME, a union of 32,000 Connecticut public and private employee members.

HB5533

HB5701

HB5703

Council 4 supports:

S.B. No. 905 (RAISED) AN ACT CONCERNING PORTAL-TO-PORTAL WORKERS' COMPENSATION COVERAGE FOR MUNICIPAL AND STATE POLICE AND FIRE DISPATCHERS.

We request that you amend this bill to extend the same workers compensation portal protection to municipal and state fire dispatchers that is extended to fire fighters and police officers. Since dispatchers are necessary emergency personnel, this makes state statute consistent. Dispatchers are often ordered into work on an emergency fill in basis. Dispatchers must get to work in the midst of hurricanes, blizzards or other emergencies. They face the same hazards that firefighters and police officers face in this regard.

S.B. No. 907 (RAISED) AN ACT CONCERNING ADDITIONAL REQUIREMENTS FOR AN EMPLOYER'S NOTICE TO DISPUTE CERTAIN CARE DEEMED REASONABLE FOR AN EMPLOYEE UNDER THE WORKERS' COMPENSATION ACT.

This is a reasonable bill. It states that if an employer is going to discontinue or block medical treatment for an employee that the employer must provide a notice and medical opinion for doing so.

Council 4 opposes:

S.B. No. 906 (RAISED) AN ACT CONCERNING DIRECT DEPOSIT OF WAGES.

We are not sure of the need for this bill as the state currently pays many employees through direct electronic payment to their bank accounts. If this bill has to do with paying state employees through pay cards, then Council 4 opposes it unless it is amended to prevent banks from charging fees for their use to the employee. A February 24, 2013 New York Times article states that Bank of America, Chase and other big banks are behind the pay day lending shops. This vitiates the argument that these banks use in pushing for pay cards as a way to protect employees from pay day lending institutions.