2014 -- S 2407 SUBSTITUTE A AS AMENDED

LC004205/SUB A

STATE OFRHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

AN ACT

RELATING TO LABOR AND LABOR RELATIONS -- EMPLOYMENT SECURITY--**GENERAL PROVISIONS**

Introduced By: Senators Lombardo, and Lombardi

Date Introduced: February 27, 2014

Referred To: Senate Labor

(Labor and Training)

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 28-42-3 and 28-42-8 of the General Laws in Chapter 28-42 2

entitled "Employment Security - General Provisions" are hereby amended to read as follows:

28-42-3. Definitions. -- The following words and phrases, as used in chapters 42 -- 44 of this title, have the following meanings unless the context clearly requires otherwise:

5 (1) "Administration account" means the employment security administration account

established by this chapter;

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(2) "Average weekly wage" means the amount determined by dividing the individual's total wages earned for service performed in employment within his or her base period by the

9 number of that individual's credit weeks within his or her base period;

(3) "Base period", with respect to an individual's benefit year, means the first four (4), of the most recently completed five (5), calendar quarters immediately preceding the first day of an individual's benefit year. For any individual's benefit year, and for any individual deemed monetarily ineligible for benefits for the "base period" as defined in this subdivision, the department shall make a re-determination of entitlement based upon the alternate, base period which that consists of the last four (4) completed calendar quarters immediately preceding the first day of the claimant's benefit year. Notwithstanding anything contained to the contrary in this subdivision, the base period shall not include any calendar quarter previously used to establish a valid claim for benefits; provided, that notwithstanding any provision of chapters 42 -- 44 of this

1	title to the contrary, for the benefit years beginning on or after October 4, 1992, whenever are
2	individual who has received workers' compensation benefits is entitled to reinstatement under
3	section §28-33-47, but the position to which reinstatement is sought does not exist or is no
4	available, the individual's base period shall be determined as if the individual filed for benefits or
5	the date of the injury;
6	(4) "Benefit" means the money payable to an individual as compensation for his or her
7	wage losses due to unemployment as provided in these chapters;
8	(5) "Benefit credits" means the total amount of money payable to an individual as
9	benefits, as determined by section §28-44-9;
10	(6) "Benefit rate" means the money payable to an individual as compensation, as
11	provided in chapters 42 44 of this title, for his or her wage losses with respect to any week of
12	total unemployment;
13	(7) "Benefit year", with respect to any individual who does not already have a benefit
14	year in effect, and who files a valid claim for benefits, means fifty-two (52) consecutive, calendary
15	weeks, the first of which shall be the week containing the day as of which he or she first files a
16	valid claim in accordance with regulations adopted as hereinafter prescribed; provided, that the
17	benefit year shall be fifty-three (53) weeks if the filing of a new, valid claim would result in
18	overlapping any quarter of the base period of a prior new claim previously filed by the individual
19	In no event shall a new benefit year begin prior to the Sunday next following the end of the old
20	benefit year;
21	(8) "Calendar quarter" means the period of three (3) consecutive, calendar months
22	ending March 31, June 30, September 30, and December 31; or the equivalent thereof, in
23	accordance with regulations as subsequently prescribed;
24	(9) "Contributions" means the money payments to the state employment security fund
25	required by those chapters;
26	(10) "Credit amount", effective July 6, 2014, means earnings by the individual in ar
27	amount equal to at least eight (8) times the individual's weekly benefit rate.
28	(10)(11) "Credit week", prior to July 1, 2012, means any week within an individual's
29	base period in which that individual earned wages amounting to at least twenty (20) times the
30	minimum hourly wage as defined in chapter 12 of this title for performing services in
31	employment for one or more employers subject to chapters 42 44 of this title, and for the period
32	July 1, 2012, through July 5, 2014, means any week within an individual's base period in which
33	that individual earned wages amounting to at least his or her weekly benefit rate for performing

services in employment for one or more employers subject to chapters 42-44 of this title;

1	(11)(12) "Crew leader", for the purpose of subdivision (18) (19) of this section, means an
2	individual who:
3	(i) Furnishes individuals to perform service in agricultural labor for any other person;
4	(ii) Pays (either on his or her own behalf or on behalf of that other person) the
5	individuals so furnished by him or her for the service in agricultural labor performed by them;
6	and
7	(iii) Has not entered into a written agreement with that other person (farm operator)
8	under which that individual (crew leader) is designated as an employee of that other person (farm
9	operator).
10	(12)(13) "Director" means the head of the department of labor and training or his or her
11	authorized representative;
12	(13)(14) "Domestic service employment". "Employment" includes domestic service in a
13	private home performed for a person who paid cash remuneration of one thousand dollars
14	(\$1,000) or more in any calendar quarter in the current calendar year, or the preceding calendar
15	year, to individuals employed in that domestic service;
16	(14)(15) "Employee" means any person who is, or has been, employed by an employer
17	subject to those chapters and in employment subject to those chapters;
18	(15)(16) "Employer" means:
19	(i) Any employing unit that was an employer as of December 31, 1955;
20	(ii) Any employing unit which that for some portion of a day on and after January 1,
21	1956, has, or had, in employment, within any calendar year, one or more individuals; except,
22	however, for "domestic service employment", as defined in subdivision (13) (14) of this section;
23	(iii) For the effective period of its election pursuant to section §28-42-12, any other
24	employing unit which that has elected to become subject to chapters 42 44 of this title;
25	(iv) Any employing unit not an employer by reason of any other paragraph of this
26	subdivision for which, within either the current or preceding calendar year, service is, or was,
27	performed with respect to which that employing unit is liable for any federal tax against which
28	credit may be taken for contributions required to be paid into this state's employment security
29	fund; or which, as a condition for approval of chapters 42 44 of this title for full tax credit
30	against the tax imposed by the Federal Unemployment Tax Act, 26 U.S.C. section 3301 et seq., is
31	required, pursuant to that act, to be an "employer" under chapters 42 44 of this title;
32	(16)(17) "Employing unit" means any person, partnership, association, trust, estate, or
33	corporation, whether domestic or foreign, or its legal representative, trustee in bankruptcy,
34	receiver, or trustee, or the legal representative of a deceased person, which that has, or had, in his

1	or her employ, one or more individuals. For the purposes of subdivision (13) (14) of this section,
2	a private home shall be considered an employing unit only if the person for whom the domestic
3	service was performed paid cash remuneration of one thousand dollars (\$1,000) or more in any
4	calendar quarter in the current calendar year, or the preceding calendar year, to individuals
5	employed in that domestic service in that private home;
6	(17)(18)(i) "Employment", subject to sections §§28-42-4 28-42-10, means service,
7	including service in interstate commerce, performed for wages, or under any contract of hire,
8	written or oral, express or implied; provided, that service performed shall also be deemed to
9	constitute employment for all the purposes of chapters 42 44 of this title, if performed by an
10	individual in the employ of a nonprofit organization as described in subdivision (24) of this
11	section, except as provided in section §28-42-8(7).
12	(ii) Notwithstanding any other provisions of this section, "Employment" also means
13	service with respect to which a tax is required to be paid under any federal law imposing a tax
14	against which credit may be taken for contributions required to be paid into this state's
15	employment security fund or which, as a condition for full tax credit against the tax imposed by
16	the Federal Unemployment Tax Act, is required to be covered under chapters 42 44 of this title;
17	(iii) Employment not to include owners. Employment does not include services
18	performed by sole proprietors (owners), partners in a partnership, limited liability company -
19	single member filing as a sole proprietor with the IRS, or members of a limited liability company
20	filing as a partnership with the IRS.
21	(18)(19) "Employment Crew leader". For the purposes of subdivision (14) (12) of this
22	section:
23	(i) Any individual who is a member of a crew furnished by a crew leader to perform
24	service in agricultural labor for any other person shall be treated as an employee of that crew
25	leader if:
26	(A) That crew leader holds a valid certificate of registration under the Migrant and
27	Seasonal Agricultural Worker Protection Act, 29 U.S.C. section 1801 et seq., or substantially all
28	members of that crew operate or maintain tractors, mechanized harvesting, or crop-dusting
29	equipment, or any other mechanized equipment, which that is provided by that crew leader; and
30	(ii) That individual is not an employee of that other person within the meaning of
31	subdivision (14) (15) of this section; and
32	(iii) In the case of any individual who is furnished by a crew leader to perform service in
33	agricultural labor for any other person and who is not treated as an employee of that crew leader:
34	(A) That other person, and not the crew leader, shall be treated as the employer of that

2	(B) That other person shall be treated as having paid cash remuneration to that individual
3	in an amount equal to the amount of cash remuneration paid to that individual by the crew leader
4	(either on his or her own behalf or on behalf of that other person) for the service in agricultural
5	labor performed for that other person;
6	(19)(20) "Employment office" means a free, public_employment office, or its branch
7	operated by the director or by this state as part of a system of free, public_employment offices, or
8	any other agency that the director may designate with the approval of the Social Security
9	Administration;
10	(20)(21) "Fund" means the employment security fund established by this chapter;
11	(21)(22) "Governmental entity" means state and local governments in this state and
12	includes the following:
13	(i) The state of Rhode Island or any of its instrumentalities, or any political subdivision
14	of the state, or any of its instrumentalities;
15	(ii) Any instrumentality of more than one of these entities; or
16	(iii) Any instrumentality of any of these entities and one or more other states or political
17	subdivisions;
18	(22)(23) "Hospital" means an institution that has been licensed, certified, or approved by
19	the department of health as a hospital;
20	(23)(24)(i) "Institution of higher education" means an educational institution in this state
21	which that:
22	(A) Admits, as regular students, only individuals having a certificate of graduation from
23	a high school, or the recognized equivalent of such certificate;
24	(B) Is legally authorized within this state to provide a program of education beyond high
25	school;
26	(C) Provides:
27	(I) An educational program for which it awards a bachelor's or higher degree, or a
28	program that is acceptable for full credit toward such a degree;
29	(II) A program of post-graduate or post-doctoral studies; or
30	(III) A program of training to prepare students for gainful employment in a recognized
31	occupation; and
32	(D) Is a public or other non-profit institution.
33	(ii) Notwithstanding any of the preceding provisions of this subdivision, all colleges and
34	universities in this state are institutions of higher education for purposes of this section;

individual; and

1	(24)(25) "Nonprofit organization" means an organization, or group of organizations, a
2	defined in 26 U.S.C. section 501(c)(3), which that is exempt from income tax under 26 U.S.C.
3	section 501(a);
4	(25)(26)(i) "Partial unemployment". An employee shall be deemed partially unemployee
5	in any week of less than full-time work if he or she fails to earn in wages for that week an amoun
6	equal to the weekly benefit rate for total unemployment to which he or she would be entitled it
7	totally unemployed and eligible.
8	(ii) For the purposes of this subdivision and subdivision (27) of this section, "Wages
9	includes only that part of remuneration for any work, which that is in excess of one-fifth (1/5) or
10	the weekly benefit rate for total unemployment, rounded to the next lower multiple of one dollar
11	(\$1.00), to which the individual would be entitled if totally unemployed and eligible in any one
12	week, and "services" includes only that part of any work for which remuneration in excess of
13	one-fifth (1/5) of the weekly benefit rate for total unemployment, rounded to the next lower
14	multiple of one dollar (\$1.00), to which the individual would be entitled if totally unemployed
15	and eligible in any one week is payable; provided, that nothing contained in this paragraph shall
16	permit any individual to whom remuneration is payable for any work performed in any week in
17	an amount equal to or greater than his or her weekly benefit rate to receive benefits under this
18	subdivision for that week.
19	(iii) Notwithstanding anything contained to the contrary in this subdivision, "Services"
20	as used in this subdivision and in subdivision (27) of this section, does not include service
21	rendered by an individual under the exclusive supervision of any agency of this state, or any of it
22	political subdivisions, by which the services are required solely for the purpose of affording
23	relief, support, or assistance to needy individuals performing those services, or service
24	performed by members of the national guard and organized reserves in carrying out their duties in
25	weekly drills as members of those organizations. "Wages", as used in this subdivision and in
26	subdivision (27) of this section, does not include either remuneration received by need
27	individuals for rendering the aforementioned services when that remuneration is paid exclusively
28	from funds made available for that purpose out of taxes collected by this state or any of it
29	political subdivisions, or remuneration received from the federal government by members of the
30	national guard and organized reserves, as drill pay, including longevity pay and allowances;

employees for employment;

(27)(28) "Total unemployment." An individual shall be deemed totally unemployed in any week in which he or she performs no services (as used in subdivision (25) of this section) and

(26)(27) "Payroll" means the total amount of all wages paid by the employer to his or her

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1	for which he or she earns no wages (as used in subdivision (25) of this section), and in which he
2	or she cannot reasonably return to any self-employment in which he or she has customarily been
3	engaged;
4	(28)(29) "Wages" means all remuneration paid for personal services on or after January
5	1, 1940, including commissions and bonuses and the cash value of all remuneration paid in any
6	medium other than cash, and all other remuneration which that is subject to a tax under a federal
7	law imposing a tax against which credit may be taken for contributions required to be paid into a
8	state unemployment fund. Gratuities customarily received by an individual in the course of his or
9	her employment from persons other than his or her employing unit shall be treated as wages paid
10	by his or her employing unit. The reasonable cash value of remuneration paid in any medium
11	other than cash, and the reasonable amount of gratuities, shall be estimated and determined in
12	accordance with rules prescribed by the director; except that for the purpose of this subdivision
13	and of sections §§28-43-1 28-43-14, this term does not include:
14	(i) That part of remuneration which that is paid by an employer to an individual with
15	respect to employment during any calendar year, after remuneration equal to the amount of the
16	taxable wage base as determined in accordance with section §28-43-7 has been paid during that
17	calendar year by the employer or his or her predecessor to that individual; provided, that if the
18	definition of "Wages" as contained in the Federal Unemployment Tax Act is amended to include
19	remuneration in excess of the taxable wage base for that employment, then, for the purposes of
20	sections §§28-43-1 28-43-14, "Wages" includes the remuneration as previously set forth, up to
21	an amount equal to the dollar limitation specified in the federal act. For the purposes of this
22	subdivision, "Employment" includes services constituting employment under any employment
23	security law of another state or of the federal government;
24	(ii) The amount of any payment made to, or on behalf of, an employee under a plan or
25	system established by an employer which that makes provision for his or her employees
26	generally, or for a class or classes of his or her employees (including any amount paid by an
27	employer or an employee for insurance or annuities, or into a fund, to provide for any such
28	payment), on account of:
29	(A) Retirement:

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- 30 (B) Sickness or accident disability;
- (C) Medical and hospitalization expenses in connection with sickness or accident 31 disability; or 32
- 33 (D) Death; provided, that the employee has not the:
- 34 (I) Option to receive, instead of provision for that death benefit, any part of that payment

1	or, it that death benefit is histiled, any part of the premiums (of contributions to premiums) paid
2	by his or her employer; and
3	(II) Right, under the provisions of the plan or system or policy of insurance providing for
4	that death benefit, to assign that benefit, or to receive a cash consideration in lieu of that benefit
5	either upon his or her withdrawal from the plan or system providing for that benefit or upon
6	termination of the plan or system or policy of insurance, or of his or her employment with that
7	employer.
8	(E) The payment by an employer (without deduction from the remuneration of the
9	employee) of:
10	(I) The tax imposed upon an employee under 26 U.S.C. section §3101; or
11	(II) Any payment required from an employee under chapters 42 44 of this title.
12	(iii) Any amount paid by an employee, or an amount paid by an employer, under a
13	benefit plan organized under Section 125 of the Internal Revenue Code [26 U.S.C. section 125_
14	<u>125]</u> .
15	(29)(30) "Week" means the seven_(7) day (7) calendar week beginning on Sunday at
16	12:01 A.M. and ending on Saturday at 12:00 A.M. midnight.
17	28-42-8. Exemptions from "employment" "Employment" does not include:
18	(1) Domestic service in a private home performed for a person who did not pay cash
19	remuneration of one thousand dollars (\$1,000) or more in any calendar quarter after December
20	31, 1977, in the current calendar year, or the preceding calendar year to individuals employed in
21	that domestic service in a private home;
22	(2) Service performed by an individual in the employ of a sole proprietorship or LLC
23	single member filing as a sole proprietorship with the IRS for his or her son, daughter, or spouse,
24	and service performed by a child under the age of eighteen (18) in the employ of his or her father
25	or mother who is designated as a sole proprietorship or LLC single-member filing as a sole
26	proprietorship with the IRS, and service is performed by an individual under the age of eighteen
27	(18) in the employ of a partnership or LLC partnership consisting only of his or her parents or
28	domestic partners;
29	(3) Service performed in the employ of any other state, or any of its political
30	subdivisions, the United States government, an instrumentality of any other state or states or their
31	political subdivisions, or of an instrumentality of the United States, except, that if the Congress of
32	the United States permits states to require any instrumentalities of the United States to make
33	payments into an unemployment fund under a state unemployment compensation act, then, to the
34	extent permitted by Congress, and from and after the date as of which permission becomes

1 effective, all of the provisions of chapters 42 -- 44 of this title shall be applicable to those 2 instrumentalities and to services performed for those instrumentalities, in the same manner, to the 3 same extent, and on the same terms, as to all other employers, employing units, individuals, and 4 services. If this state is not certified by the Secretary of Labor under 26 U.S.C. section §3304 for any year, then the payments required of those instrumentalities with respect to that year shall be 5 deemed to have been erroneously collected within the meaning of section §28-43-12 and shall be 6 7 refunded by the director from the fund in accordance with section §28-43-12; 8 (4) Service performed: 9 (i) In the employ of: 10 (A) A church or convention or association of churches, or 11 (B) An organization which that is operated primarily for religious purposes and which 12 that is operated, supervised, controlled, or principally supported by a church or convention or 13 association of churches; 14 (ii) By a duly ordained, commissioned, or licensed minister of a church in the exercise of 15 his or her ministry or by a member of a religious order in the exercise of duties required by that 16 order; 17 (iii) In a facility conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is impaired by age, physical or mental deficiency, or injury or 18 19 providing remunerative work for individuals who, because of their impaired physical or mental 20 capacity, cannot be readily absorbed in the competitive labor market, by an individual receiving 21 that rehabilitation or remunerative work; 22 (iv) As part of an unemployment work relief or work-training program assisted or financed in whole, or in part, by any federal agency or an agency of a state or one of its political 23 24 subdivisions, by an individual receiving that work relief or work training; 25 (v) In the employ of a hospital by a patient of the hospital; or 26 (vi) By an inmate of a custodial or penal institution; 27 (5) Service with respect to which unemployment compensation is payable under an 28 unemployment compensation system established by an act of Congress. The director is authorized 29 and directed to enter into agreements with the proper agencies under that act of Congress, which 30 agreements shall become effective ten (10) days after their publication as in the manner provided 31 in section §28-42-34 to provide reciprocal treatment to individuals who have, after acquiring 32 potential rights to benefits under chapters 42 -- 44 of this title, acquired rights to unemployment

compensation under that act of Congress, or who have, after acquiring potential rights to

unemployment compensation under that act of Congress, acquired rights to benefits under those

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(6) Service covered by an election duly approved by the agency charged with the
administration of any other state or federal employment security law in accordance with an
arrangement pursuant to section §28-42-58 during the effective period of that election, except as
provided in section §28-42-3(15)(i);

- (7) Services performed by an individual, in any calendar quarter on or after January 1, 1972, in the employ of any organization exempt from income tax under 26 U.S.C. section §501(a)(other than services performed for an organization defined in section §28-42-3(24) or for any organization described in 26 U.S.C. section 401(a) or under 26 U.S.C. section 521) if the remuneration for that service is less than fifty dollars (\$50.00);
- (8) Service which that is occasional, incidental, and occurs irregularly, and is not in the course of the employing unit's trade or business. Service for a corporation shall not be excluded;
- (9) Service as a golf caddy, except as to service performed solely for a club with respect to which the club alone bears the expense. A golf caddy, except as in this specifically provided subdivision, shall not be construed to be an "employee" as defined in section §28-42-3(14);
- (10) Notwithstanding any provisions of titles 5 and 27, service performed by an individual as a real estate salesperson if all the service performed by that individual is performed for remuneration solely by way of commission;
- (11) Notwithstanding any provisions of titles 5 and 27, service performed by an individual as an insurance broker, agent, or subagent if all the service performed by that individual is performed for remuneration solely by way of commission. This exemption shall not apply to service performed as industrial and debit insurance agents;
- (12) Service performed by an individual who is enrolled at a nonprofit or public educational institution which that normally maintains a regular faculty and curriculum and normally has a regular organized body of students in attendance at the place where its educational activities are carried on, as a student in a full-time program, taken for credit at that institution which that combines academic instruction with work experience, if that service is an integral part of that program, and that institution has so certified to the employer, except that this subdivision shall not apply to service performed in a program established for, or on behalf of, an employer or group of employers;
- (13) Service performed by an individual on a boat engaged in catching fish or other forms of aquatic animal life under an arrangement with the owner or operator of that boat pursuant to which:
- 34 (i) That individual does not receive any cash remuneration other than a share of the

1	boat's catch of fish or other forms of aquatic animal life or a share of the proceeds from the sale
2	of that catch; and
3	(ii) The operating crew of that boat is normally made up of fewer than ten (10)
4	individuals; and
5	(14) Services performed by a member of an Americorp Americorps program.
6	SECTION 2. Sections 28-43-31 and 28-43-35 of the General Laws in Chapter 28-43
7	entitled "Employment Security - Contributions" are hereby amended to read as follows:
8	28-43-31. Allocation of benefit costs Reimbursable employers (a) Each employer
9	that is liable for payments in lieu of contributions in accordance with section §28-43-29 shall pay
10	to the director for the fund the full amount of regular benefits paid plus the full amount of
11	extended benefits paid, less any federal payments to the state under section 204 of the Federal-
12	State Extended Unemployment Compensation Act of 1970, that are attributable to service in the
13	employ of that employer; provided, that for weeks of unemployment beginning on or after
14	January 1, 1979, governmental entities which that are liable for reimbursement shall be
15	responsible for reimbursing the fund for the full amount of extended benefits so paid.
16	(b) Each employer that is liable for payments in lieu of contributions in accordance with
17	§ 28-43-29 shall make payments to the director that shall include, but not be limited to, benefits
18	paid but denied on appeal or benefits paid in error that cannot be properly charged against another
19	employer either reimbursable or contributory; provided, that if the benefits that were paid in error
20	are subsequently repaid, those amounts shall be credited to the employer's account after
21	repayment is actually received by the director.
22	28-43-35. Special rules regarding transfers of experience and assignment of rates
23	Notwithstanding any other provisions of chapters 42 44 of this title, the following shall apply
24	regarding assignment of rates and transfers of experience:
25	(a) If an employer transfers its trade or business, or a portion thereof, to another
26	employer and, at the time of the transfer, there is any common ownership, management, or
27	control of the two (2) employers, then the unemployment experience attributable to the
28	transferred trade or business shall be transferred to the employer to whom such business is so
29	transferred. In addition, partial transfers may be made in the absence of common ownership at the
30	discretion of the director. The rates of both employers shall be recalculated in the following
31	manner:
32	(1) The total payroll of the employees on the predecessor's payroll during the last,
33	completed calendar quarter prior to the date of the transfer, who are also on the payroll of the
34	successor when the transfer takes effect shall be divided by the predecessor's total payroll during

the last, completed calendar quarter prior to the date of the transfer, and that percentage shall be applied to the experience rating balances and payroll of the predecessor as of the end of the experience year used to determine the contribution rate for the tax year in effect at the date of transfer. The resulting amounts shall be subtracted from the experience_rating balances and payroll of the predecessor. The predecessor's remaining experience_rating balances and payroll shall be used to determine its contribution rate for the new tax year or for the remainder of the current tax year, whichever is applicable, effective on the first day of the calendar quarter following the date of the transfer; provided, that if the date of the transfer is the first day of the calendar quarter, then the new contribution rate shall take effect on the date of the transfer.

- (2) The balances, subtracted from the predecessor's account in subdivision (a)(1) of this section, shall be combined with the experience rating balances and payroll of the successors as of the end of the experience year used to determine the contribution rate for the tax year in effect at the date of transfer. Those combined balances shall be used to determine the contribution rate for the successor for the new tax year, or for the remainder of the current tax year, whichever is applicable, effective on the first day of the calendar quarter following the date of the transfer; provided, that if the date of the transfer is the first day of the calendar quarter, then the new contribution rate shall take effect on the date of the transfer. For successors in business for less than one experience year, their contribution rate for the new tax year, or for the remainder of the current tax year, whichever is applicable, shall be computed based on the transferred experience rating balances and payroll of the predecessor and shall take effect on the first day of the calendar quarter following the date of the transfer; provided, that if the date of the transfer is the first day of the calendar quarter, then the new contribution rate shall take effect on the date of the transfer.
- (3) A successor shall be deemed to be an eligible employer if its experience combined with that of its predecessors meets the requirements of subdivision §28-43-1(3). As used in this section, "successor" means the employing unit to whom a transfer as provided in this section is made, and "predecessor" means the employer making the transfer and may, if the context so requires, be construed as referring only to the separate establishment transferred in case of the transfer of a separate establishment.
- (b) If, following a transfer of experience under subsection (a) of this section, the director determines that a substantial purpose of the transfer of the trade or business was to obtain a reduced liability for contributions, then the experience rating accounts of the employers involved shall be combined and the combined rate assigned to each employer account.
- (c) Whenever a person who is not an employer under this chapter at the time that person acquires the trade or business of an employer, the unemployment experience of the acquired

1	business shall not be transferred to such person if the director finds that such person acquired the
2	business solely, or primarily, for the purposes of obtaining a lower rate of contributions. Instead,
3	such person shall be assigned the new employer rate under section §28-43-8.3. In determining
4	whether the business was acquired solely or primarily for the purpose of obtaining a lower rate of
5	contributions, the director shall use objective factors which that may include the cost of acquiring
6	the business, whether the person continued the business enterprise of the acquired business, how
7	long such business enterprise was continued, or whether a substantial number of new employees
8	were hired for performance of duties unrelated to the business activity conducted prior to the
9	acquisition.
10	(d) (1) If a person knowingly violates or attempts to violate subsections (a), (b) or (c), or
11	any other provision of this chapter related to determining the assignment of a contribution rate, or
12	if a person knowingly advises another person in a way that results in a violation of such

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- provision, the person shall be subject to the following penalties:
- (i) If the person is an employer, then such employer shall be assigned the highest rate assignable under this chapter for the rate year during which such violation or attempted violation occurred and the three (3) rate years immediately following this rate year. However, if the person's business is already at such highest rate for any year, or if the amount of increase in the person's rate would be less than two percent (2%) for such year, then a penalty rate of contributions of two percent (2%) of taxable wages shall be imposed for such year.
- (ii) If the person is not an employer, such person shall be guilty of a misdemeanor and subject to a civil money penalty of not more than five thousand dollars (\$5,000). Any such fine shall be deposited in the Rhode Island General Ffund.
- (2) For purposes of this section, the term "knowingly" means having actual knowledge of, or acting with deliberate ignorance, or reckless disregard for, the prohibition involved.
- (3) For purposes of this section, the term "violates or attempts to violate" includes, but is not limited to, intent to evade, misrepresentation, or willful nondisclosure.
 - (4) In addition to the penalty imposed by subparagraph (1), any violation of this section may also be prosecuted as a misdemeanor, and for each offense, the person may be subject to imprisonment for a period not exceeding one year.
- 30 (e) The director shall establish procedures to identify the transfer or acquisition of a 31 business for purposes of this section.
- 32 (f) For purposes of this chapter:
- 33 (1) "Person" shall include an individual, a trust, estate, partnership, association, company 34 or corporation; and

(2) "Trade or business" shall include the employer's workforce.

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- 2 (g) This section shall be interpreted and applied in such a manner as to meet the minimum requirements contained in any guidance or regulations issued by the United States 3 4 Department of Labor.
 - (h) Any determination of the director under this section shall be final unless an appeal from it is filed by the aggrieved party within fifteen (15) days from the date that notice is mailed to the last known address of that party. All appeals shall follow the provisions of section §28-43-13.
- 9 SECTION 3. Sections 28-44-17, 28-44-18, 28-44-20 and 28-44-69 of the General Laws in Chapter 28-44 entitled "Employment Security - Benefits" are hereby amended to read as 10 follows:
 - 28-44-17. Voluntary leaving without good cause. -- (a) For benefit years beginning prior to July 1, 2012, an individual who leaves work voluntarily without good cause shall be ineligible for waiting-period credit, or benefits for the week in which the voluntary quit occurred, and until he or she establishes to the satisfaction of the director that he or she has subsequent to that leaving had at least eight (8) weeks of work, and in each of those eight (8) weeks has had earnings of at least twenty (20) times the minimum hourly wage as defined in chapter 12 of this title for performing services in employment for one or more employers subject to chapters 42 --44 of this title. For benefit years beginning on or after July 1, 2012, and prior to July 6, 2014, an individual who leaves work voluntarily without good cause shall be ineligible for waiting period credit or benefits for the week in which the voluntary quit occurred and until he or she establishes to the satisfaction of the director that he or she has subsequent to that leaving had at least eight (8) weeks of work, and in each of those eight (8) weeks has had earnings greater than, or equal to, his or her weekly benefit rate for performing services in employment for one or more employers subject to chapters 42 -- 44 of this title. For benefit years beginning on or after July 6, 2014, an individual who leaves work voluntarily without good cause shall be ineligible for waiting period credit or benefits for the week in which the voluntary quit occurred and until he or she establishes to the satisfaction of the director that he or she has, subsequent to that leaving, had earnings greater than, or equal to, eight (8) times his or her weekly benefit rate for performing services in employment for one or more employers subject to chapters 42 – 44 of this title. For the purposes of this section, "voluntarily leaving work with good cause" shall include:
- 32 (1) <u>sS</u>exual harassment against members of either sex;
- 33 (2) <u>V</u>oluntarily leaving work with an employer to accompany, join, or follow his or her 34 spouse to a place, due to a change in location of the spouse's employment, from which it is

impractical for such individual to commute; and

- (3) <u>t</u>The need to take care for a member of the individual's immediate family due to illness or disability as defined by the Secretary of Labor; provided that the individual shall not be eligible for waiting period credit or benefits until he or she is able to work and is available for work. For the purposes of this provision, the following terms apply:
- (i) "immediate family member" means a spouse, parents, mother-in-law, father-in-law and children under the age of eighteen (18);
- (ii) "illness" means a verified illness which that necessitates the care of the ill person for a period of time longer than the employer is willing to grant leave, paid or otherwise; and
- (iii) "dDisability" means all types of verified disabilities, including mental and physical disabilities, permanent and temporary disabilities, and partial and total disabilities.
- (b) For the purposes of this section, "voluntarily leaving work without good cause" shall include voluntarily leaving work with an employer to accompany, join, or follow his or her spouse in a new locality in connection with the retirement of his or her spouse, or failure by a temporary employee to contact the temporary help agency upon completion of the most recent work assignment to seek additional work unless good cause is shown for that failure; provided, that the temporary help agency gave written notice to the individual that the individual is required to contact the temporary help agency at the completion of the most recent work assignment to seek additional work.

28-44-18. Discharge for misconduct. — For benefit years beginning prior to July 1, 2012, an individual who has been discharged for proved misconduct connected with his or her work shall become ineligible for waiting period credit or benefits for the week in which that discharge occurred and until he or she establishes to the satisfaction of the director that he or she has, subsequent to that discharge, had at least eight (8) weeks of work, and in each of that eight (8) weeks has had earnings of at least twenty (20) times the minimum hourly wage as defined in chapter 12 of this title for performing services in employment for one or more employers subject to chapters 42 — 44 of this title. For benefit years beginning on or after July 1, 2012, and prior to July 6, 2014, an individual who has been discharged for proved misconduct connected with his or her work shall become ineligible for waiting period credit or benefits for the week in which that discharge occurred and until he or she establishes to the satisfaction of the director that he or she has, subsequent to that discharge, had at least eight (8) weeks of work, and in each of that eight (8) weeks has had earnings greater than, or equal to, his or her weekly benefit rate for performing services in employment for one or more employers subject to chapters 42 — 44 of this title. For benefit years beginning on or after July 6, 2014, an individual who has been discharged for

proved misconduct connected with his or her work shall become ineligible for waiting-period credit or benefits for the week in which that discharge occurred and until he or she establishes to the satisfaction of the director that he or she has, subsequent to that discharge, had earnings greater than, or equal to eight (8) times, his or her weekly benefit rate for performing services in employment for one or more employers subject to chapters 42 – 44 of this title. Any individual who is required to leave his or her work pursuant to a plan, system, or program, public or private, providing for retirement, and who is otherwise eligible, shall under no circumstances be deemed to have been discharged for misconduct. If an individual is discharged and a complaint is issued by the regional office of the National Labor Relations board or the state labor relations board that an unfair labor practice has occurred in relation to the discharge, the individual shall be entitled to benefits if otherwise eligible. For the purposes of this section, "misconduct" is defined as deliberate conduct in willful disregard of the employer's interest, or a knowing violation of a reasonable and uniformly enforced rule or policy of the employer, provided that such violation is not shown to be as a result of the employee's incompetence. Notwithstanding any other provisions of chapters 42 -- 44 of this title, this section shall be construed in a manner that is fair and reasonable to both the employer and the employed worker. 28-44-20. Refusal of suitable work. -- (a) For benefit years beginning prior to July 1,

2012, if an otherwise eligible individual fails, without good cause, either to apply for suitable work when notified by the employment office, or to accept suitable work when offered to him or her, he or she shall become ineligible for waiting-period credit or benefits for the week in which that failure occurred and until he or she establishes to the satisfaction of the director that he or she has, subsequent to that failure, had at least eight (8) weeks of work and in each of those eight (8) weeks has had earnings of at least twenty (20) times the minimum hourly wage, as defined in chapter 12, for performing services in employment for one or more employers subject to chapters 42 -- 44 of this title. For benefit years beginning on or after July 1, 2012, and prior to July 6, 2014, if an otherwise eligible individual fails, without good cause, either to apply for suitable work when notified by the employment office, or to accept suitable work when offered to him or her, he or she shall become ineligible for waiting-period credit or benefits for the week in which that failure occurred and until he or she establishes to the satisfaction of the director that he or she has, subsequent to that failure, had at least eight (8) weeks of work and in each of those eight (8) weeks has had earnings greater than or equal to his or her weekly benefit rate for performing services in employment for one or more employers subject to chapters 42 -- 44 of this title.

For benefit years beginning on or after July 6, 2014, if an otherwise eligible individual fails, without good cause, either to apply for suitable work when notified by the employment

1	office, or to accept suitable work when offered to him or her, he or she shall become ineligible for
2	waiting-period credit or benefits for the week in which that failure occurred and until he or she
3	establishes to the satisfaction of the director that he or she has, subsequent to that failure, had
4	earnings greater than, or equal to, eight (8) times his or her weekly benefit rate for performing
5	services in employment for one or more employers subject to chapters 42 – 44 of this title.
6	(b) "Suitable work" means any work for which the individual in question is reasonably
7	fitted, which that is located within a reasonable distance of his or her residence or last place of
8	work, and which is not detrimental to his or her health, safety, or morals. No work shall be
9	deemed suitable, and benefits shall not be denied under chapters 42 44 of this title, to any
10	otherwise eligible individual for refusing to accept new work, under any of the following
11	conditions:
12	(1) If the position offered is vacant due directly to a strike, lockout, or other labor
13	dispute;
14	(2) If the wages, hours, or other conditions of the work are substantially less favorable to
15	the employee than those prevailing for similar work in the locality;
16	(3) If, as a condition of being employed, the individual would be required to join a
17	company union or to resign from, or refrain from, joining any bona fide labor organization.
18	28-44-69. Work-sharing benefits (a) Definitions As used in this section, unless the
19	context clearly requires otherwise:
20	(1) "Affected unit" means a specified plant, department, shift, or other definable unit
21	consisting of two (2) or more employees to which an approved work-sharing plan applies.
22	(2) "Eligible employee" means an individual who usually works for the employer
23	submitting a work-sharing plan.
24	(3) "Eligible employer" means any employer who has had contributions credited to his or
25	her account and benefits have been chargeable to this account, or who has elected to reimburse
26	the fund in lieu of paying contributions, and who is not delinquent in the payment of
27	contributions or reimbursements, as required by chapters 42 44 of this title.
28	(4) "Fringe benefits" include, but are not limited to, health insurance, retirement benefits,
29	paid vacation and holidays, sick leave, and similar advantages that are incidents of employment.
30	(5) "Intermittent employment" means employment which that is not continuous but may
31	consist of periodic intervals of weekly work and intervals of no weekly work.
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	(6) "Seasonal employment" means employment with an employer who displays a twenty
33	(6) "Seasonal employment" means employment with an employer who displays a twenty percent (20%) difference between its highest level of employment and its lowest level of

1	labor and training, or as shown in the information winer that is available and satisfactory to the
2	director.
3	(7) "Temporary employment" means employment where an employee is expected to
4	remain in a position for only a limited period of time and/or is hired by a temporary agency to fill
5	a gap in an employer's workforce.
6	(8) "Usual weekly hours of work" means the normal hours of work each week for an
7	employee in an affected unit when that unit is operating on a full-time basis, not to exceed forty
8	(40) hours and not including overtime.
9	(9) "Work-sharing benefits" means benefits payable to employees in an affected unit
10	under an approved work-sharing plan.
11	(10) "Work-sharing employer" means an employer with an approved work-sharing plan
12	in effect.
13	(11) "Work-sharing plan" means a plan submitted by an employer under which there is a
14	reduction in the number of hours worked by the employees in the affected unit in lieu of layoffs
15	of some of the employees.
16	(b) (1) Criteria for approval of a work-sharing plan An employer wishing to participate
17	in the work-sharing program shall submit a signed, written, work-sharing plan to the director for
18	approval. The director shall approve a work-sharing plan only if the following requirements are
19	met:
20	(i) The plan identifies the affected unit, or units, and specifies the effective date of the
21	plan;
22	(ii) The employees in the affected unit, or units, are identified by name, social security
23	number, the usual weekly hours of work, proposed wage and hour reduction, and any other
24	information that the director shall require;
25	(iii) The plan certifies that the reduction in the usual weekly hours of work is in lieu of
26	layoffs which that would have affected at least 10 percent (10%) of the employees in the affected
27	unit, or units, to which the plan applies and which that would have resulted in an equivalent
28	reduction in work hours;
29	(iv) The usual weekly hours of work for employees in the affected unit, or units, are
30	reduced by not less than 10 percent (10%) and not more than 50 percent (50%), and the reduction
31	in hours in each affected unit are is spread equally among employees in the affected unit;
32	(v) If the employer provides health benefits and/or retirement benefits under a defined-
33	benefit plan (as defined in section 414(j) of the internal revenue code Internal Revenue Code) or
34	contributions under a defined-contribution plan (as defined in section 414(i) of the internal

revenue code Internal Revenue Code) to any employee whose workweek is reduced under the program, the employer certifies that such benefits will continue to be provided to employees participating in the work- sharing program under the same terms and conditions as though the workweek of such employee had not been reduced or to the same extent as other employees not participating in the work- sharing program;

- (vi) In the case of employees represented by a collective bargaining agent or union, the plan is approved in writing by the collective bargaining agents or unions that cover the affected employees. In the absence of any collective bargaining agent or union, the plan must contain a certification by the employer that the proposed plan, or a summary of the plan, has been made available to each employee in the affected unit;
- (vii) The plan will not serve as a subsidy of seasonal employment during the off season, nor as a subsidy for temporary or intermittent employment;
- (viii) The employer agrees to furnish reports relating to the proper conduct of the plan and agrees to allow the director, or his or her authorized representatives, access to all records necessary to verify the plan prior to approval and, after approval, to monitor and evaluate application of the plan;
- (ix) The employer describes the manner in which the requirements of this section will be implemented (including a plan for giving notice, where feasible, to an employee whose workweek is to be reduced) together with an estimate of the number of layoffs that would have occurred absent the ability to participate in the work-sharing program and such other information as the secretary of labor determines is appropriate; and
- (x) The employer attests that the terms of the employer's written plan and implementation are consistent with the employer's obligations under applicable federal and state laws.
- (2) In addition to the matters previously specified in this section, the director shall take into account any other factors that may be pertinent to proper implementation of the plan.
- (c) Approval or rejection of the plan. The director shall approve or reject a plan in writing. The reasons for rejection shall be final and not subject to appeal. The employer shall be allowed to submit another plan for consideration and that determination will be made based upon the new data submitted by the interested employer.
- (d) Effective date and duration of the plan. A plan shall be effective on the date specified in the plan, or on the first Sunday following the date on which the plan is approved by the director, whichever is later. It shall expire at the end of the twelfth (12th) full_calendar month after its effective date, or on the date specified in the plan if that date is earlier; provided, that the

plan is not previously revoked by the director. If a plan is revoked by the director, it shall terminate on the date specified in the director's written order of revocation.

- (e) (1) Revocation of approval. The director may revoke approval of a work-sharing plan for good cause. The revocation order shall be in writing and shall specify the date the revocation is effective and the reasons for it. The revocation order shall be final and not subject to appeal.
- (2) Good cause shall include, but not be limited to, failure to comply with assurances given in the plan, unreasonable revision of productivity standards for the affected unit, conduct or occurrences tending to defeat the intent and effective operation of the plan, and violation of any criteria on which approval of the plan was based.
- (3) The action may be taken at any time by the director on his or her own motion; on the motion of any of the affected unit's employees; or on the motion of the collective bargaining agent or agents. The director shall review the operation of each qualified employer plan at least once during the period the plan is in effect to assure its compliance with the work-sharing requirements.
- (f) Modification of the plan. An operational approved work-sharing plan may be modified by the employer with the consent of the collective bargaining agent or agents, if any, if the modification is not substantial and is in conformity with the plan approved by the director, provided the modifications are reported promptly to the director by the employer. If the hours of work are increased or decreased substantially beyond the level in the original plan, or any other conditions are changed substantially, the director shall approve or disapprove the modifications without changing the expiration date of the original plan. If the substantial modifications do not meet the requirements for approval, the director shall disallow that portion of the plan in writing. The decision of the director shall be final and not subject to appeal.
- (g) (1) Eligibility for work-sharing benefits. An individual is eligible to receive work-sharing benefits, subsequent to serving a waiting period as prescribed by the director, with respect to any week only if, in addition to meeting other conditions of eligibility for regular benefits under this title that are not inconsistent with this section, the director finds that:
- (i) During the week, the individual is employed as a member of an affected unit under an approved work-sharing plan that was approved prior to that week, and the plan is in effect with respect to the week for which work-sharing benefits are claimed;
- 31 (ii) The individual is able to work and is available for the normal work week with the 32 work-sharing employer.
 - (2) Notwithstanding any other provisions of this chapter to the contrary, an individual is deemed unemployed in any week for which remuneration is payable to him or her as an employee

in an affected unit	for less	than	his o	r her	normal	weekly	hours	of	work	as	specified	under	the
approved work-sha	ring plar	n in et	ffect f	or the	e week.								

- (3) Notwithstanding any other provisions of this title to the contrary, an individual shall not be denied work-sharing benefits for any week by reason of the application of provisions relating to the availability for work and active search for work with an employer other than the work-sharing employer.
- (4) Notwithstanding any other provisions of this title to the contrary, eligible employees may participate, as appropriate, in training (including employer-sponsored training or worker training funded under the Workforce Investment Act of 1998) to enhance job skills if such program has been approved by the state agency.
- (h) (1) Work-sharing benefits. The work-sharing weekly benefit amount shall be the product of the regular weekly benefit rate, including any dependents' allowances, multiplied by the percentage reduction in the individual's usual weekly hours of work as specified in the approved plan. If the work-sharing, weekly benefit amount is not an exact multiple of one dollar (\$1.00), then the weekly benefit amount shall be rounded down to the next, lower multiple of one dollar (\$1.00).
- (2) An individual may be eligible for work-sharing benefits or regular unemployment compensation, as appropriate, except that no individual shall be eligible for combined benefits in any benefit year in an amount more than the maximum entitlement established for unemployment compensation, nor shall an individual be paid work-sharing benefits for more than fifty-two (52) weeks, whether or not consecutive, in any benefit year pursuant to an approved work-sharing plan.
- (3) The work-sharing benefits paid shall be deducted from the maximum_entitlement amount established for that individual's benefit year.
- (4) If an employer approves time off and the worker has performed some work during the week, the individual is eligible for work-sharing benefits based on the combined work and paid leave hours for that week. If the employer does not grant time off, the question of availability must be investigated.
- (5) If an employee was sick and consequently did not work all the hours offered by the work-sharing employer in a given week, the employee will be denied work-sharing benefits for that week.
- (6) Claims for work-sharing benefits shall be filed in the same manner as claims for unemployment compensation or as prescribed in regulations by the director.
- 34 (7) Provisions applicable to unemployment compensation claimants shall apply to work-

sharing claimants to the extent that they are not inconsistent with the established work-sharing provisions. An individual who files an initial claim for work-sharing benefits shall be provided, if eligible for benefits, a monetary determination of entitlement to work-sharing benefits and shall serve a waiting week.

- (8) If an individual works in the same week for an employer other than the work-sharing employer, the individual's work-sharing benefits shall be computed in the same manner as if the individual worked solely with the work-sharing employer. If the individual is not able to work, or is not available for the normal work week with the work-sharing employer, then no work-sharing benefits shall be payable to that individual for that week.
- (9) An individual who performs no services during a week for the work-sharing employer and is otherwise eligible shall be paid the full, weekly unemployment compensation amount. That week shall not be counted as a week with respect to which work-sharing benefits were received.
- (10) An individual who does not work for the work-sharing employer during a week, but works for another employer and is otherwise eligible, shall be paid benefits for that week under the partial unemployment compensation provisions of this chapter. That week shall not be counted as a week with respect to which work-sharing benefits were received.
- (11) Nothing in the section shall preclude an otherwise eligible individual from receiving total or partial unemployment benefits when the individual's work-sharing benefits have been exhausted.
- (i) Benefit charges. Work-sharing benefits shall be charged to the account of the work-sharing employer. Employers liable for payments in lieu of contributions shall be responsible for reimbursing the employment security fund for the full amount of work sharing benefits paid to their employees under an approved work-sharing employer accounts in the same manner as regular benefits in accordance with the provisions of §§ 28-43-3 and 28-43-29. Notwithstanding the above, any work-sharing benefits paid on or after July 1, 2013, which that are eligible for federal reimbursement, shall not be chargeable to employer accounts and employers liable for payments in lieu of contributions shall not be responsible for reimbursing the employment security fund for any benefits paid to their employees on or after July 1, 2013, that are reimbursed by the federal government.
- (j) Extended benefits. An individual who has received all of the unemployment compensation or combined unemployment compensation and work-sharing benefits available in a benefit year shall be considered an exhaustee for purposes of extended benefits, as provided under the provisions of section §28-44-62, and, if otherwise eligible under those provisions, shall

- 1 be eligible to receive extended benefits.
- 2 (k) Severability. - If any provision of this section, or its application to any person or
- 3 circumstance, is held invalid under federal law, the remainder of the section and the application
- 4 of that provision to other persons or circumstances shall not be affected by that invalidity.
- 5 SECTION 4. This act shall take effect upon passage.

LC004205/SUB A

EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

$A\ N\quad A\ C\ T$

RELATING TO LABOR AND LABOR RELATIONS -- EMPLOYMENT SECURITY-GENERAL PROVISIONS

1	This act would amend the definitions of "credit amount" and "credit week" for purposes
2	of calculating an individual's earned wages under the Employment Security Act and would
3	provide that certain services performed by family members not be considered employment. The
4	act would further require employees who voluntarily leave work without good cause, are
5	discharged for misconduct, or refuse suitable work, to have earnings at least eight (8) weeks times
6	their weekly benefit rate prior to obtaining waiting period credits.
7	This act would take effect upon passage

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LC004205/SUB A

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