LC004120

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

AN ACT

RELATING TO LABOR AND LABOR RELATIONS -- TEMPORARY DISABILITY INSURANCE--GENERAL PROVISIONS

<u>Introduced By:</u> Senators Miller, DiMario, Lauria, DiPalma, Valverde, Murray, Kallman, Acosta, Cano, and Sosnowski

Date Introduced: February 12, 2024

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 28-39-2 and 28-39-26 of the General Laws in Chapter 28-39 entitled

"Temporary Disability Insurance — General Provisions" are hereby amended to read as follows:

28-39-2. Definitions.

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- The following words and phrases, as used in chapters 39 41 of this title, have the following meanings unless the context clearly requires otherwise:
- 6 (1) "Average weekly wage" means the amount determined by dividing the individual's
 7 total wages earned for services performed in employment within his or her base period by the
 8 number of that individual's credit weeks within the base period.
 - (2) "Base period" with respect to an individual's benefit year when the benefit year begins on or after October 7, 1990, 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; provided, that for any individual's benefit year when the benefit year begins on or after October 4, 1992, and for any individual deemed monetarily ineligible for benefits under the "base period" as defined in this subdivision, the department shall make a re-determination of entitlement based upon an alternate base period 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, however, that the "base period" with respect to members of the

United States military service, the Rhode Island National Guard, or a United States military reserve force, and who served in a United States declared combat operation during their military service, who file a claim for benefits following their release from their state or federal active military service and who are deemed to be monetarily ineligible for benefits under this section, shall mean the first four (4) of the most recently completed five (5) calendar quarters immediately preceding the first day the individual was called into that state or federal active military service; provided, that for any individual deemed monetarily ineligible for benefits under the "base period" as defined in this section, the department shall make a re-determination of entitlement based upon an alternative base period that consists of the last four (4) completed calendar quarters immediately preceding the first day the claimant was called into that state or federal active military service. Notwithstanding any provision of this section of the general or public laws to the contrary, the base period shall not include any calendar quarter previously used to establish a valid claim for benefits.

- (3) "Benefit" means the money payable, as provided in chapters 39 41 of this title, to an individual as compensation for his or her unemployment caused by sickness or reasons allowed under this title.
- (4) "Benefit credits" means the total amount of money payable to an individual as benefits, as provided in § 28-41-7.
- (5) "Benefit rate" means the money payable to an individual as compensation, as provided in chapters 39 41 of this title, for his or her wage losses with respect to any week during which his or her unemployment is caused by sickness <u>or reasons allowed under this title</u>.
- (6) "Benefit year" with respect to any individual who does not already have a benefit year in effect, and who files a valid claim for benefits as of November 16, 1958, or any later date, means fifty-two (52) consecutive calendar weeks, the first of which shall be the week containing the day as of which he or she first files that valid claim in accordance with regulations adopted as subsequently prescribed; provided, that for any benefit year beginning on or after October 7, 1990, the benefit year shall be fifty-three (53) consecutive calendar weeks if the subsequent filing of a new valid claim immediately following the end of a previous benefit year would result in the overlapping of any quarter of the base period of the prior new claim. In no event shall a new benefit year begin prior to the Sunday next following the end of the old benefit year.
- (i) For benefit years that begin on or after July 1, 2012, an individual's benefit year will begin on the Sunday of the calendar week in which an individual first became unemployed due to sickness and for which the individual has filed a valid claim for benefits.
- (7) "Board" means the board of review as created under chapter 16.1 of title 42.
 - (8) "Calendar quarter" has the same definition as contained in chapter 42 of this title.

- (9) "Credit week" means any week within an individual's base period in which that individual earns wages amounting to 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 39 41 of this title.

 (10) "Director" means the director of the department of labor and training.
- 6 (11) "Employee" means any person who is or has been employed by an employer subject 7 to chapters 39 — 41 of this title and in employment subject to those chapters.
- 8 (12) "Employer" means any employing unit that is an employer under chapters 42 44 9 of this title.
 - (13) "Employing unit" has the same definition as contained in chapter 42 of this title and includes any governmental entity that elects to become subject to the provisions of chapters 39 41 of this title, in accordance with the provisions of §§ 28-39-3.1 and 28-39-3.2.
- 13 (14) "Employment" has the same definition as contained in chapter 42 of this title.

- 14 (15) "Employment office" has the same definition as contained in chapter 42 of this title.
 - (16) "Fund" means the Rhode Island temporary disability insurance fund established by this chapter.
 - (17) "Partial unemployment due to sickness." For weeks beginning on or after January 1, 2006, an individual shall be deemed partially unemployed due to sickness in any week of less than full-time work if he or she fails to earn in wages for services for that week an amount equal to the weekly benefit rate for total unemployment due to sickness to which he or she would be entitled if totally unemployed due to sickness and eligible.
 - (i) For the purposes of this subdivision and subdivision (22) of this section, "Wages" includes only that part of remuneration for any work, which is in excess of one-fifth $(^{1}/_{5})$ of the weekly benefit rate for total unemployment, rounded to the next lower multiple of one dollar (\$1.00), to which the individual would be entitled if totally unemployed and eligible in any one week, and "services" includes only that part of any work for which remuneration in excess of one-fifth $(^{1}/_{5})$ of the weekly benefit rate for total unemployment, rounded to the next lower multiple of one dollar (\$1.00), to which the individual would be entitled if totally unemployed and eligible in any one week is payable; provided, that nothing contained in this paragraph shall permit any individual to whom remuneration is payable for any work performed in any week in an amount equal to, or greater than, his or her weekly benefit rate to receive benefits under this subdivision for that week.
- 33 (18) "Reserve fund" means the temporary disability insurance reserve fund established by \$28-39-7.

- 1 (19) "Services" means all endeavors undertaken by an individual that are paid for by 2 another or with respect to which the individual performing the services expects to receive wages or 3 profits.
- 4 (20) "Sickness." An individual shall be deemed to be sick in any week in which, because 5 of his or her physical or mental condition, including pregnancy, he or she is unemployed and unable 6 to perform his or her regular or customary work or services.
- 7 (21)(i) "Taxes" means the money payments required by chapters 39 41 of this title, to 8 be made to the temporary disability insurance fund or to the temporary disability insurance reserve 9 fund.

- (ii) Wherever and whenever in chapters 39 41 of this title, the words "contribution" and/or "contributions" appear, those words shall be construed to mean the "taxes," as defined in this subdivision, that are the money payments required by those chapters to be made to the temporary disability insurance fund or to the temporary disability insurance reserve fund.
- (22) "Wages" has the same definition as contained in chapter 42 of this title; provided, that no individual shall be denied benefits under chapters 39 41 of this title because his or her employer continues to pay to that individual his or her regular wages, or parts of them, while he or she is unemployed due to sickness and unable to perform his or her regular or customary work or services. The amount of any payments, whether or not under a plan or system, made to or on behalf of an employee by his or her employer after the expiration of six (6) calendar months following the last calendar month in which the employee performed actual bona fide personal services for his or her employer, shall not be deemed to be wages either for the purpose of paying contributions thereon under chapter 40 of this title, or for the purpose of being used as a basis for paying benefits under chapter 41 of this title.
 - (23) "Week" has the same definition as contained in chapter 42 of this title.

28-39-26. Pecuniary penalty for failure to make contributions or reports.

An employer or self-employed individual who elects to be covered by this chapter who fails to file any report required under chapters 39 — 41 of this title, or who or that fails or refuses to pay any contributions required under those chapters in the manner and at the times required by the laws and regulations or as the director may, in accordance with those laws and regulations, prescribe, shall pay a penalty of ten dollars (\$10.00) for each failure or refusal to file, and where any contribution is due, shall pay an additional penalty of ten percent (10%) of the amount due. These penalties shall be paid into the temporary disability insurance reserve fund, and shall be in addition to contributions and interest required to be paid as provided in chapters 39 — 41; provided, that if any employer or self-employed individual who elects to be covered by this chapter fails to

- pay the penalty, when assessed, it shall be collected by civil action as provided in § 28-40-12.
- 2 SECTION 2. Chapter 28-39 of the General Laws entitled "Temporary Disability Insurance
- 3 General Provisions" is hereby amended by adding thereto the following section:

28-39-3.4. Non-covered Rhode Island residents eligible by election.

(a) Notwithstanding any inconsistent provisions of chapters 39 through 41 of this title, any self-employed Rhode Island resident may become subject to those chapters, by filing an enrollment form with the department in accordance with the rules and regulations established by the department, for enrollment. Notwithstanding any other provisions of chapters 39 through 41 of this title to the contrary, self-employed Rhode Island residents, that do not have otherwise qualifying wages from prior employment within the base period, will not be eligible for benefits under those chapters, until the completion of twelve (12) months of contributions has been made for participation in the program as described in § 28-40-1. Except as otherwise provided in this title, all other provisions of these chapters shall continue to be applicable in connection with the employment.

(b) Any self-employed Rhode Island resident who fails to meet the quarterly reporting requirements or make the required quarterly contributions in a timely manner, shall be ineligible to receive benefits under chapters 39 through 41 of this title until such time as that person has satisfied any outstanding payments in this regard.

SECTION 3. Sections 28-40-1 and 28-40-9 of the General Laws in Chapter 28-40 entitled "Temporary Disability Insurance — Contributions" are hereby amended to read as follows:

28-40-1. Amount of employee contributions — Wages on which based.

(a) The For each calendar year prior to 2024, the taxable wage base under this chapter for each calendar year shall be equal to the greater of thirty-eight thousand dollars (\$38,000) or the annual earnings needed by an individual to qualify for the maximum weekly benefit amount and the maximum duration under chapters 39 — 41 of this title. That taxable wage base shall be computed as follows: Every September 30, the maximum weekly benefit amount in effect as of that date shall be multiplied by thirty (30) and the resultant product shall be divided by thirty-six hundredths (.36). If the result thus obtained is not an even multiple of one hundred dollars (\$100), it shall be rounded upward to the next higher even multiple of one hundred dollars (\$100). That taxable wage base shall be effective for the calendar year beginning on the next January 1.

(b) Whenever the Commissioner of Social Security, pursuant to section 415(i) of 42 USC § 430 increases benefits effective with the December following a cost-of-living computation quarter, the Commissioner shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs the contribution and benefit base

1	determined which shall be effective with respect to remuneration paid after the calendar year in
2	which such quarter occurs and taxable years beginning after such year.
3	(c) Any self-employed Rhode Island resident who fails to meet the quarterly reporting
4	requirements or make the required quarterly contributions in a timely manner shall be ineligible to
5	receive benefits under chapters 39 through 41 of this title, until such time as that person has satisfied
6	any outstanding payments owed.
7	(b)(d) Each employee shall contribute with respect to employment after the date upon
8	which the employer becomes subject to chapters 39 — 41 of this title, an amount equal to the fund
9	cost rate times the wages paid by the employer to the employee up to the taxable wage base as
10	defined and computed in subsection (a) of this section. The employee contribution rate for the
11	following calendar year shall be determined by computing the fund cost rate on or before November
12	15 of each year as follows:
13	(1) The total amount of disbursements made from the fund for the twelve-month (12)
14	period ending on the immediately preceding September 30 shall be divided by the total taxable
15	wages paid by employers during the twelve-month (12) period ending on the immediately
16	preceding June 30. The ratio thus obtained shall be multiplied by one hundred (100) and the
17	resultant product if not an exact multiple of one-tenth of one percent (0.1%) shall be rounded down
18	to the next lowest multiple of one-tenth of one percent (0.1%);
19	(2) If the fund balance as of the preceding September 30 is less than the total disbursements
20	from the fund for the six-month (6) period ending on that September 30, that difference shall be
21	added to the total disbursements for the twelve-month (12) period ending September 30 for the
22	purpose of computing the fund cost rate, and if the resulting fund cost rate is not an exact multiple
23	of one-tenth of one percent (0.1%) it shall be rounded to the nearest multiple of one-tenth of one
24	percent (0.1%).
25	28-40-9. Interest on delinquent payments.
26	Employers, or self-employed Rhode Island residents, who fail to make payment of
27	contributions, as required by chapters 39 — 41 of this title, or by the prescribed rules and
28	regulations, shall be additionally liable to the temporary disability insurance reserve fund for
29	interest on those delinquent payments at the rate of one and one-half percent $(1^{1}/_{2}\%)$ per month
30	from the date the payment became due until paid.
31	SECTION 4. Sections 28-41-2, 28-41-5 and 28-41-35 of the General Laws in Chapter 28-
32	41 entitled "Temporary Disability Insurance — Benefits" are hereby amended to read as follows:
33	28-41-2. Wages included for benefit purposes.
34	(a) Notwithstanding any provisions of chapters 39 — 41 of this title to the contrary,

"wages" as used in the phrase "wages for employment from employers" means, with reference to the benefits provisions of chapters 39 — 41 of this title, only those wages that are paid subsequent to the date upon which the employing unit, by whom those wages were paid, has satisfied the conditions of § 28-39-2(12) with respect to becoming an employer subject to those chapters. No individual shall be denied benefits under chapters 39 — 41 of this title because his or her employer continued to pay to that individual his or her regular wages, or parts of them, while he or she was sick and unable to perform his or her regular or customary work or services. The amount of any payments, whether or not under a plan or system, made to or on behalf of an employee by his or her employer after the expiration of six (6) calendar months following the last calendar month in which the employee performed actual bona fide personal services for that employer, shall not be deemed to be wages for the purpose of being used as a basis for paying benefits under this chapter.

(b) With respect to self-employed Rhode Island residents with wages earned through their self-employment, those wages shall be considered wages for determining benefits under chapters 39 through 41 of this title, if the individual has applied for coverage under the temporary disability insurance program, in accordance with the provisions of § 28-39-3.4.

<u>28-41-5. Weekly benefit rate — Dependents' allowances.</u>

(a)(1) Benefit rate. The benefit rate payable under this chapter to any eligible individual with respect to any week of his or her unemployment due to siekness reasons allowed under this chapter, when that week occurs within a benefit year, shall be computed as follows: for benefit years beginning on or after October 7, 1990, four and sixty-two hundredths percent (4.62%) of the wages paid to the individual in that calendar quarter of the base period in which the individual's wages were highest; provided, however, that the benefit rate shall not exceed eighty-five percent (85%) of the average weekly wage paid to individuals covered by chapters 42 — 44 of this title for the preceding calendar year ending December 31. If the maximum weekly benefit rate is not an exact multiple of one dollar (\$1.00) then the rate shall be raised to the next higher multiple of one dollar (\$1.00). Those weekly benefit rates shall be effective throughout the benefit years beginning on or after July 1 of the year prior to July of the succeeding calendar year.

(2) The benefit rate payable under this chapter to any eligible individual with respect to any week of their unemployment due to reasons allowed under this chapter, when that week occurs within the benefit year, shall be, for benefit years beginning on or after January 1, 2025, ninety percent (90%) of that individual's average weekly wage; provided, however, that the benefit rate shall not exceed eighty-five percent (85%) of the average weekly wage paid to individuals covered by chapters 41 through 44 of this title for the preceding calendar year ending December 31. If the maximum weekly benefit rate is not an exact multiple of one dollar (\$1.00) then the rate shall be

- raised to the next higher multiple of one dollar (\$1.00). Those weekly benefit rates shall be effective
- 2 throughout the benefit years beginning on or after July 1 of the year prior to July of the succeeding
- 3 <u>calendar year.</u>

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- 4 (2)(3) The benefit rate of any individual, if not an exact multiple of one dollar (\$1.00), shall be raised to the next higher multiple of one dollar (\$1.00).
 - (b) Dependents' allowances. An individual to whom benefits for unemployment due to sickness reasons allowed under this chapter are payable under this chapter with respect to any week, shall, in addition to those benefits, be paid with respect to each week a dependent's allowance of ten dollars (\$10.00) or seven percent (7%), of the individual's benefit rate, payable under subsection (a) of this section, whichever is greater, for each of that individual's children, including adopted and stepchildren or that individual's court-appointed wards who, at the beginning of the individual's benefit year, is under eighteen (18) years of age and who is at that time in fact dependent on that individual. A dependent's allowance shall also be paid to that individual for any child, including an adopted child or a stepchild or that individual's court appointed ward, eighteen (18) years of age or over, incapable of earning any wages because of mental or physical incapacity, and who is dependent on that individual in fact at the beginning of the individual's benefit year, including individuals who have been appointed the legal guardian of that child by the appropriate court. However, in no instance shall the number of dependents for which an individual may receive dependents' allowances exceed five (5) in total and in no instance shall the individual's weekly benefit amount including both the benefit rate and dependent's allowance exceed that individual's average weekly wage in the last period. The weekly total of dependents' allowances payable to any individual, if not an exact multiple of one dollar (\$1.00), shall be rounded to the next lower multiple of one dollar (\$1.00). The number of an individual's dependents, and the fact of their dependency, shall be determined as of the beginning of that individual's benefit year; provided, that only one individual shall be entitled to a dependent's allowance for the same dependent with respect to any week. Each individual who claims a dependent's allowance shall establish his or her claim to it to the satisfaction of the director under procedures established by the director.
 - (c) Any individual's benefit rate and/or dependents' allowance in effect for a benefit year shall continue in effect until the end of that benefit year.
 - (d) Partial unemployment due to sickness reasons allowed under this chapter. For weeks beginning on or after January 1, 2006, an individual partially unemployed due to sickness reasons allowed under this chapter and otherwise eligible in any week shall be paid sufficient benefits with respect to that week, so that his or her wages, rounded to the next higher multiple of one dollar (\$1.00), and his or her benefits combined will equal in amount the weekly benefit rate to which he

or she would be entitled if totally unemployed due to sickness reasons allowed under this chapter in that week; provided that an individual must have been totally unemployed due to sickness reasons allowed under this chapter for at least seven (7) consecutive days prior to claiming partial benefits under this provision; provided, that this provision shall not apply if the individual is entitled to lag day benefits pursuant to § 28-41-9; provided, further, that nothing contained herein shall permit any individual to whom remuneration is payable for any work performed in any week in an amount equal to or greater than his or her weekly benefit rate to receive benefits or waiting period credit for that week.

28-41-35. Benefits.

- (a) Subject to the conditions set forth in this chapter, an employee shall be eligible for temporary caregiver benefits for any week in which he or she is unable to perform his or her regular and customary work because he or she is:
- (1) Bonding with a newborn child or a child newly placed for adoption or foster care with the employee or domestic partner in accordance with the provisions of § 28-41-36(c); or
- (2) Caring for a child, parent, parent-in-law, grandparent, spouse, or domestic partner, who has a serious health condition, subject to a waiting period in accordance with the provisions of § 28-41-12 [repealed]. Employees may use accrued sick time during the eligibility waiting period in accordance with the policy of the individual's employer.
- (b) Temporary caregiver benefits shall be available only to the employee exercising his or her right to leave while covered by the temporary caregiver insurance program. An employee shall file a written intent with his or her employer, in accordance with rules and regulations promulgated by the department, with a minimum of thirty (30) days' notice prior to commencement of the family leave. Failure by the employee to provide the written intent may result in delay or reduction in the claimant's benefits, except in the event the time of the leave is unforeseeable or the time of the leave changes for unforeseeable circumstances.
- (c) Employees cannot file for both temporary caregiver benefits and temporary disability benefits for the same purpose, concurrently, in accordance with all provisions of this act and chapters 39 41 of this title.
- (d) Temporary caregiver benefits may be available to any individual exercising his or her right to leave while covered by the temporary caregiver insurance program, commencing on or after January 1, 2014, which shall not exceed the individual's maximum benefits in accordance with chapters 39 41 of this title. The benefits for the temporary caregiver program shall be payable with respect to the first day of leave taken after the waiting period and each subsequent day of leave during that period of family temporary disability leave. Benefits shall be in accordance

with the following:

- 2 (1) Beginning January 1, 2014, temporary caregiver benefits shall be limited to a maximum
- 3 of four (4) weeks in a benefit year;
- 4 (2) Beginning January 1, 2022, temporary caregiver benefits shall be limited to a maximum 5 of five (5) weeks in a benefit year;
- 6 (3) Beginning January 1, 2023, temporary caregiver benefits shall be limited to a maximum 7 of six (6) weeks in a benefit year.
 - (e) In addition, no individual shall be paid temporary caregiver benefits and temporary disability benefits that together exceed thirty (30) times his or her weekly benefit rate in any benefit year the total amount of benefits payable in accordance with the provisions outlined in § 28-41-7.
 - (f) Any employee who exercises his or her right to leave covered by temporary caregiver insurance under this chapter shall, upon the expiration of that leave, be entitled to be restored by the employer to the position held by the employee when the leave commenced, or to a position with equivalent seniority, status, employment benefits, pay, and other terms and conditions of employment including fringe benefits and service credits that the employee had been entitled to at the commencement of leave.
 - (g) During any caregiver leave taken pursuant to this chapter, the employer shall maintain any existing health benefits of the employee in force for the duration of the leave as if the employee had continued in employment continuously from the date he or she commenced the leave until the date the caregiver benefits terminate; provided, however, that the employee shall continue to pay any employee shares of the cost of health benefits as required prior to the commencement of the caregiver benefits.
 - (h) No individual shall be entitled to waiting period credit or temporary caregiver benefits under this section for any week beginning prior to January 1, 2014. An employer may require an employee who is entitled to leave under the federal Family and Medical Leave Act, Pub. L. No. 103-3 and/or the Rhode Island parental and family medical leave act, § 28-48-1 et seq., who exercises his or her right to benefits under the temporary caregiver insurance program under this chapter, to take any temporary caregiver benefits received, concurrently, with any leave taken pursuant to the federal Family and Medical Leave Act and/or the Rhode Island parental and family medical leave act.
 - (i) Temporary caregiver benefits shall be in accordance with the federal Family and Medical Leave Act (FMLA), Pub. L. No. 103-3 and the Rhode Island parental and family medical leave act in accordance with § 28-48-1 et seq. An employer may require an employee who is entitled to leave under the federal Family and Medical Leave Act, Pub. L. No. 103-3 and/or the Rhode

- 1 Island parental and family medical leave act, § 28-48-1 et seq., who exercises his or her right to
- 2 benefits under the temporary caregiver insurance program under this chapter, to take any temporary
- 3 caregiver benefits received, concurrently, with any leave taken pursuant to the federal Family and
- 4 Medical Leave Act and/or the Rhode Island parental and family medical leave act.
- 5 SECTION 5. This act shall take effect on January 1, 2025.

LC004120

EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

AN ACT

RELATING TO LABOR AND LABOR RELATIONS -- TEMPORARY DISABILITY INSURANCE--GENERAL PROVISIONS

This act would increase the taxable wage base upon which employees make contributions to the TDI and TCI funds, increase individual benefit rates, and create an opt-in option for self-employed workers.

This act would take effect on January 1, 2025.

This act would take effect on January 1, 2025.