H.107

Bill as introduced

Williston, Masland of Thetford, McCarthy of St. Albans City,
McCormack of Burlington, McCullough of Williston, Mrowicki
of Putney, Notte of Rutland City, Noyes of Wolcott, Ode of
Burlington, O’Sullivan of Burlington, Partridge of Windham,
Patt of Worcester, Pugh of South Burlington, Rachelson of
Burlington, Ralph of Hartland, Redmond of Essex, Sheldon of
Middlebury, Squirrel of Underhill, Stevens of Waterbury,
Sullivan of Burlington, Szott of Barnard, Toleno of Brattleboro,
Townsend of South Burlington, Troiano of Stannard, Walz of
Barre City, White of Hartford, Wood of Waterbury, Yacovone
of Morristown, and Yantachka of Charlotte

Referred to Committee on

Date:

Subject: Labor; employment practices; paid family leave

Statement of purpose of bill as introduced: This bill proposes to create a Paid
Family Leave Insurance Program within the Departments of Labor and Taxes
that will be funded by contributions from employers and employees. The bill
also proposes to amend Vermont’s existing Parental and Family Leave Act to
make it applicable to additional employers and to clarify certain provisions.

An act relating to paid family leave
It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 21 V.S.A. § 471 is amended to read:

§ 471. DEFINITIONS

As used in this subchapter:

(1) “Employer” means an individual, organization or governmental body, partnership, association, corporation, legal representative, trustee, receiver, trustee in bankruptcy, and any common carrier by rail, motor, water, air or express company doing business in or operating within this State which for the purposes of parental leave that employs 10 or more individuals who are employed for an average of at least 30 hours per week during a year and for the purposes of family leave employs 15 or more individuals for an average of at least 30 hours per week during a year.

* * *

(3) “Family leave” means a leave of absence from employment by an employee who works for an employer which employs 15 or more individuals who are employed for an average of at least 30 hours per week during the year for one of the following reasons:

(A) the serious illness of the employee; or

(B) the serious illness of the employee’s child, stepchild or ward who lives with the employee, foster child, parent, spouse or parent of the employee’s spouse;
(4) “Parental leave” means a leave of absence from employment by an employee who works for an employer which employs 10 or more individuals who are employed for an average of at least 30 hours per week during the year for one of the following reasons:

(C) the employee’s pregnancy;

(A)(D) the birth of the employee’s child; or

(B)(E) the initial placement of a child 16 years of age or younger with the employee for the purpose of adoption or foster care.

(5)(4) “Serious illness” means an accident, disease, or physical or mental condition that:

* * *

(5) “Commissioner” means the Commissioner of Labor.

Sec. 2. 21 V.S.A. § 472 is amended to read:

§ 472. FAMILY LEAVE

(a) During any 12-month period, an employee shall be entitled to take unpaid leave for a period not to exceed 12 weeks for the following reasons:

(1) for parental leave, during the employee’s pregnancy and;

(2) following the birth of an the employee’s child or;

(3) within a year following the initial placement of a child 16 years of age or younger with the employee for the purpose of adoption or foster care;

(2)(4) for family leave, for the serious illness of the employee; or
(5) the serious illness of the employee’s child, stepchild or ward of the employee who lives with the employee, foster child, parent, spouse, or parent of the employee’s spouse.

(b) During the leave, at the employee’s option, the employee may use accrued sick leave or, vacation leave or, any other accrued paid leave, not to exceed six weeks Parental and Family Leave Insurance benefits pursuant to subchapter 13 of this chapter, or short-term disability insurance or other insurance benefits. Utilization Use of accrued paid leave, Parental and Family Leave Insurance benefits, or other insurance benefits shall not extend the leave provided herein by this section.

* * *

(d) The employer shall post and maintain in a conspicuous place in and about each of his or her its places of business printed notices of the provisions of this subchapter on forms provided by the Commissioner of Labor.

(e)(1) An employee shall give his or her employer reasonable written notice of intent to take family leave under this subchapter. Notice shall include the date the leave is expected to commence and the estimated duration of the leave.

(2) In the case of the adoption or birth of a child, an employer shall not require that notice be given more than six weeks prior to the anticipated commencement of the leave.
(3) In the case of an unanticipated serious illness or premature birth, the employee shall give the employer notice of the commencement of the leave as soon as practicable.

(4) In the case of serious illness of the employee or a member of the employee’s family, an employer may require certification from a physician to verify the condition and the amount and necessity for the leave requested.

(5) An employee may return from leave earlier than estimated upon approval of the employer.

(6) An employee shall provide reasonable notice to the employer of his or her need to extend the leave to the extent provided by this chapter.

* * *

(h) Except for serious illness of the employee, an employee who does not return to employment with the employer who provided the family leave shall return to the employer the value of any compensation paid to or on behalf of the employee during the leave, except payments of Parental and Family Leave Insurance benefits and payments for accrued sick leave or vacation leave. An employer may elect to waive the rights provided pursuant to this subsection.

Sec. 3. 21 V.S.A. chapter 5, subchapter 13 is added to read:

Subchapter 13. Parental and Family Leave Insurance

§ 571. DEFINITIONS

As used in this subchapter:
(1) “Employee” means an individual who receives payments with respect to services performed for an employer from which the employer is required to withhold Vermont income tax pursuant to 32 V.S.A. chapter 151, subchapter 4.

(2) “Employer” means an individual, organization, governmental body, partnership, association, corporation, legal representative, trustee, receiver, trustee in bankruptcy, and any common carrier by rail, motor, water, air, or express company doing business in or operating within this State.

(3) “Parental and family leave” means a leave of absence from employment by an employee for:

(A) his or her own serious illness, provided he or she is not eligible to receive workers’ compensation pursuant to 21 V.S.A. chapter 9 for the serious illness;

(B) a serious illness of the employee’s child, stepchild or ward who lives with the employee, foster child, parent, spouse, or parent of the employee’s spouse;

(C) the employee’s pregnancy;

(D) the birth of the employee’s child; or

(E) the initial placement of a child 16 years of age or younger with the employee for the purpose of adoption or foster care.
"Qualifying employee" means an individual who has earned wages in Vermont during the last 12 months in an amount that is equal to or greater than 1,040 hours at the minimum wage established pursuant to section 384 of this chapter.

"Self-employed person" means a sole proprietor or partner owner of an unincorporated business, the sole member of an LLC that does not have any employees other than the member, or the sole shareholder of a corporation that does not have any employees other than the shareholder.

"Serious illness" means an accident, disease, or physical or mental condition that:

(A) poses imminent danger of death;

(B) requires inpatient care in a hospital; or

(C) requires continuing in-home care under the direction of a physician.

"Wages" means payments from an employer to an employee that are subject to income tax withholding pursuant to 32 V.S.A. chapter 151, subchapter 4.
§ 572. PARENTAL AND FAMILY LEAVE INSURANCE; SPECIAL FUND; ADMINISTRATION

(a)(1) The Parental and Family Leave Insurance Program is established for the provision of Parental and Family Leave Insurance benefits to eligible employees pursuant to this section.

(2)(A) The Commissioner of Taxes shall administer the collection of contributions, the determination of monetary eligibility for benefits, and the issuance of benefits checks for the program.

(B) The Commissioner of Labor shall administer the receipt and processing of benefits applications, the determination of eligibility for benefits, the collection of overpaid benefits, and all other aspects of the program that are not administered by the Commissioner of Taxes.

(b) The Parental and Family Leave Insurance Special Fund is created pursuant to 32 V.S.A. chapter 7, subchapter 5. The Fund may be expended by the Commissioners of Labor and of Taxes for the administration of the Parental and Family Leave Insurance Program and payment of Parental and Family Leave Insurance benefits provided pursuant to this section. All interest earned on Fund balances shall be credited to the Fund.

(c)(1)(A) The Fund shall consist of contributions equal to 0.93 percent of each employee’s covered wages of which one-half shall be deducted and
withheld by an employer from an employee’s wages and one-half shall be paid
by the employee’s employer.

(B) In lieu of deducting and withholding the full amount of the
collection pursuant to subdivision (A) of this subdivision (1), an employer
may elect to pay all or a portion of the contributions due from the employee’s
covered wages.

(C) As used in this subsection, the term “covered wages” does not
include the amount of wages paid to an employee after he or she has received
wages equal to $150,000.00. Beginning on January 1, 2021, and on each
subsequent January 1, the amount of wages included in the term “covered
wages” shall be increased by the percentage increase of the Consumer Price
Index, CPI-U, U.S. city average, not seasonally adjusted, or successor index, as
calculated by the U.S. Department of Labor or successor agency for the
12 months preceding the previous September 1. The amount of wages
included in the term “covered wages” shall not be decreased.

(2)(A) Notwithstanding subdivision (1)(A) of this subsection (c), the
General Assembly shall annually establish the rate of contribution for the next
fiscal year. The rate shall equal the amount necessary to provide Parental and
Family Leave Insurance benefits pursuant to this subchapter, to maintain a
reserve equal to at least nine months of the projected benefit payments for the
next fiscal year, and to administer the Parental and Family Leave Insurance
Program during the next fiscal year, adjusted by any balance in the Fund from
the prior fiscal year.

(B) On or before February 1 of each year, the Commissioner of
Labor, in consultation with the Commissioner of Taxes, shall report to the
General Assembly the rate of contribution necessary to provide Parental and
Family Leave Insurance benefits pursuant to this subchapter, to maintain a
reserve equal to at least nine months of the projected benefit payments for the
next fiscal year, and to administer the Program during the next fiscal year,
adjusted by any balance in the Fund from the prior fiscal year.

(d) The Commissioner of Taxes shall require the withholding of the
contributions required pursuant to subsection (c) of this section from wages
paid by any employer, as if the contributions were an additional Vermont
income tax subject to the withholding requirements of 32 V.S.A. § 5841(a).

The administrative and enforcement provisions of 32 V.S.A. chapter 151,
subchapter 4 shall apply to the withholding requirement under this section as if
the contributions withheld were a Vermont income tax.

§ 573. BENEFITS

(a) A qualified employee shall be permitted to receive a total of not more
than 12 weeks of Parental and Family Leave Insurance benefits in a 12-month
period for parental and family leave taken by the employee.
(b) A qualified employee awarded Parental and Family Leave Insurance benefits under this section shall receive 100 percent of his or her average weekly wage or an amount equal to a 40-hour workweek paid at a rate double that of the livable wage, as determined by the Joint Fiscal Office pursuant to 2 V.S.A. § 505, whichever is less.

(c) A qualified employee who receives Parental and Family Leave Insurance benefits for an intermittent leave or for a portion of a week, shall receive a prorated benefit amount.

(d) A family leave or a parental and bonding leave for which benefits are paid pursuant to this subchapter shall run concurrently with a leave taken pursuant to section 472 of this title or the federal Family and Medical Leave Act, 29 U.S.C. §§ 2611–2654.

§ 574. APPLICATION FOR BENEFITS; PAYMENT; TAX WITHHOLDING

(a) A qualified employee shall file an application for Parental and Family Leave Insurance benefits with the Commissioner of Labor under this section on a form provided by the Commissioner. The Commissioner shall determine whether the qualified employee is eligible to receive Parental and Family Leave Insurance benefits based on the following criteria:

(1) The purposes for which the claim is made are adequately documented pursuant to rules adopted by the Commissioner.
(2) The Commissioner of Taxes certifies that the individual is a qualified employee.

(3) The qualified employee satisfies the eligibility requirements for the requested leave and has specified the duration of the leave.

(4) The benefits are being requested in relation to a family leave or a parental and bonding leave.

(b)(1) The Commissioner of Labor shall make a determination of each claim not later than five business days after the date the claim is filed, and Parental and Family Leave Insurance benefits shall be paid from the Fund created pursuant to this section. The Commissioner may extend the time in which to make a determination of a claim by not more than five business days if necessary to obtain documents or information that are needed to make the determination.

(2) The first benefit payment shall be sent to a qualified employee within 14 days after his or her claim is approved, and subsequent payments shall be sent biweekly.

(3) The provisions of section 1367 of this title shall apply to Parental and Family Leave Insurance benefits.

(c)(1) An individual filing a claim for benefits pursuant to this section shall, at the time of filing, be advised that Parental and Family Leave Insurance
benefits may be subject to income tax and that the individual’s benefits may be subject to withholding.

(2) The Commissioner of Labor shall follow all procedures specified by 26 U.S.C. chapter 24 and 32 V.S.A. chapter 151, subchapter 4 pertaining to the withholding of income tax.

§ 575. REINSTATEMENT; SENIORITY AND BENEFITS PROTECTED

(a) The employer of an employee who receives Parental and Family Leave Insurance benefits under this subchapter shall reinstate the employee at the conclusion of his or her family leave or parental and bonding leave, provided the employee is not out of work for a continuous period in excess of 12 weeks. The employee shall be reinstated in the first available suitable position given the position he or she held at the time his or her leave began.

(b) Upon reinstatement, the employee shall regain seniority and any unused accrued paid leave he or she was entitled to prior to the family leave or parental and bonding leave, less any accrued paid leave used during the family leave or parental and bonding leave.

(c)(1) Nothing in this section shall be construed to diminish an employee’s rights pursuant to subsection 472(f) of this chapter.

(2) The provisions of this section shall not apply if:

(A) the employee had been given notice, or had given notice, prior to the beginning of his or her leave;
(B) the employee’s position would have terminated of its own terms prior to any reinstatement he or she would otherwise be entitled to under this section;

(C) the employee fails to inform the employer of:

(i) his or her interest in being reinstated at the conclusion of the leave; and

(ii) the date on which his or her leave is anticipated to conclude; or

(D) more than two years have elapsed since the conclusion of the employee’s leave.

(d)(1) An employee aggrieved by an employer’s failure to comply with the provisions of this section may bring an action in the Civil Division of the Superior Court in the county where the employment is located for compensatory and punitive damages or equitable relief, including restraint of prohibited acts, restitution of wages or other benefits, reinstatement, costs, and other appropriate relief.

(2) A copy of the complaint shall be filed with the Commissioner of Labor.

(3) The court shall award reasonable attorney’s fees to the employee if he or she prevails.
§ 576. ELECTIVE COVERAGE

(a)(1) A self-employed person may elect to obtain coverage under the Parental and Family Leave Insurance Program for a period of three years by filing a notice of his or her election with the Commissioner of Taxes on a form provided by the Commissioner.

(2) The provisions of sections 573, 574, 578, 580, 581, and 582 of this chapter shall apply to a self-employed person who elects to obtain coverage pursuant to this section in the same manner as if he or she were an employee.

(b)(1) A person who elects to obtain coverage pursuant to this subsection shall:

(A) contribute an amount equal to 0.93 percent of his or her covered work income at times determined by the Commissioner; and

(B) provide to the Commissioner any documentation of his or her work income and any related information that the Commissioner determines is necessary.

(2) As used in this section, “covered work income” means an amount of working income earned by a self-employed person that is equal to the amount of covered wages pursuant to subdivision (c)(1)(C) of section 572 of this chapter.

(c) A person who elects coverage pursuant to this section shall be eligible to file a claim for and receive Parental and Family Leave Insurance benefits if
he or she has made contributions to the Fund on the amount of wages required
to be a qualified employee as that term is defined pursuant to subdivision
571(4) of this subchapter.

(d)(1) A person who elects coverage pursuant to this section may terminate
his or her coverage at the end of the three-year period by providing the
Commissioner with written notice of the termination at least 30 days before the
end of the period.

(2) If a person who elects coverage pursuant to this subsection does not
terminate it at the end of the initial three-year period, he or she may terminate
the coverage at the end of any succeeding annual period by providing the
Commissioner with written notice of the termination at least 30 days before the
end of the period.

(3) Notwithstanding subdivisions (1) and (2) of this subsection, a person
who, after electing to obtain coverage pursuant to this section, becomes an
employee or stops working in Vermont, may elect to terminate his or her
coverage pursuant to this section by providing the Commissioner with 30 days’
written notice in accordance with rules adopted by the Commissioner.

(e) Nothing in this section shall be construed to prevent an individual who
is both an employee and a self-employed person from electing to obtain
coverage pursuant to this section.
§ 577. APPEALS

(a)(1) An employer or individual aggrieved by a decision of the Commissioner of Labor under section 574 or 581 of this subchapter may file with the Commissioner a petition for reconsideration within 30 days after receipt of the decision. The petition shall set forth in detail the grounds upon which it is claimed that the decision is erroneous and may include materials supporting that claim.

(2) If an employer petitions the Commissioner to reconsider a decision pursuant to section 574 or 581 of this subchapter, the Commissioner shall promptly notify the individual of the petition by ordinary, certified, or electronic mail and provide him or her with an opportunity to file an answer to the employer’s petition.

(b)(1) An employer or individual aggrieved by the Commissioner’s decision on reconsideration may file an appeal with a departmental administrative law judge within 30 days after receiving the Commissioner’s decision. The appeal shall set forth in detail the grounds upon which it is claimed that the decision is erroneous.

(2) The administrative law judge shall, upon not less than five business days’ notice, hold a hearing on the appeal as provided pursuant to rules.
adopted by the Commissioner. After the hearing, all parties to the appeal shall
be promptly notified by ordinary, certified, or electronic mail of the findings of
fact, conclusions, and decision of the administrative law judge.

(c) Any party may appeal the administrative law judge’s decision to the
Supreme Court within 30 days after receiving the decision.

(d) The provisions of section 1353 of this title shall apply to all
determinations, redeterminations, findings of fact, conclusions of law,
decisions, orders, or judgments entered or made pursuant to this section.

§ 578. FALSE STATEMENT OR REPRESENTATION; PENALTY

A person who willfully makes a false statement or representation for the
purpose of obtaining any benefit or payment or to avoid payment of any
required contributions under the provisions of this subchapter, either for
himself or herself or for any other person, after notice and opportunity for
hearing, may be assessed an administrative penalty of not more than
$20,000.00 and shall forfeit all or a portion of any right to benefits under the
provisions of this subchapter, as determined to be appropriate by the
Commissioner of Labor or of Taxes, as appropriate, after a determination by
the Commissioner that the person has willfully made a false statement or
representation of a material fact.
§ 579. RULEMAKING

(a) The Commissioner of Taxes shall adopt rules as necessary to implement the provisions of this subchapter related to the collection of contributions pursuant to section 572 of this subchapter and the determination of monetary eligibility for benefits.

(b) The Commissioner of Labor shall adopt rules as necessary to implement all other provisions of this subchapter.

§ 580. CONFIDENTIALITY OF INFORMATION

(a) Information obtained from an employer or individual in the administration of this subchapter and determinations of an individual’s right to receive benefits that reveal an employer’s or individual’s identity in any manner shall be kept confidential and shall be exempt from public inspection and copying under the Public Records Act. Such information shall not be admissible as evidence in any action or proceeding other than one brought pursuant to the provisions of this subchapter.

(b) Notwithstanding subsection (a) of this section:

(1) an individual or his or her duly authorized agent may be provided with information to the extent necessary for the proper presentation of his or her claim for benefits or to inform him or her of his or her existing or prospective rights to benefits; and
(2) an employer may be provided with information that the
Commissioner of Labor or of Taxes determines is necessary to enable the
employer to discharge fully its obligations and protect its rights under this
subchapter.

§ 581. DISQUALIFICATIONS

A qualified employee shall be disqualified for benefits for any week in
which he or she has received:

(1) compensation for temporary partial disability or temporary total
disability under the workers’ compensation law of any state or under a similar
law of the United States; or

(2) unemployment compensation benefits under the law of any state.

§ 582. OVERPAYMENT OF BENEFITS; COLLECTION

(a)(1) Any individual who by nondisclosure or misrepresentation of a
material fact, by him or her, or by another person, has received Parental and
Family Leave Insurance benefits when he or she failed to fulfill a requirement
for the receipt of benefits pursuant to this chapter or while he or she was
disqualified from receiving benefits pursuant to section 580 of this chapter
shall be liable to repay to the Commissioner of Labor the amount received.

(2) Upon determining that an individual has received benefits under this
chapter that he or she was not entitled to, the Commissioner of Labor shall
provide the individual with notice of the determination. The notice shall
include a statement that the individual is liable to repay to the Commissioner
the amount of overpaid benefits and shall identify the basis of the overpayment
and the time period in which the benefits were paid.

(3) The determination shall be made within not more than three years
after the date of the overpayment.

(b)(1) An individual liable under this section shall repay the overpaid
amount to the Commissioner for deposit into the Fund.

(2) If the Commissioner finds that the individual intentionally
misrepresented or failed to disclose a material fact with respect to his or her
claim for benefits, in addition to the repayment under subdivision (1) of this
subsection, the person shall pay an additional penalty of 15 percent of the
amount of the overpaid benefits, which shall also be deposited into the Fund.

(3) The Commissioner may collect the amounts due under this section in
civil action in the Superior Court.

(c) If an individual is liable to repay any amount pursuant to this section,
the Commissioner may withhold, in whole or in part, any future benefits
payable to the individual pursuant to this chapter and credit the withheld
benefits against the amount due from the individual until it is repaid in full,
less any penalties assessed under subdivision (b)(2) of this section.

(d) In addition to the remedy provided pursuant to this section, an
individual who intentionally misrepresented or failed to disclose a material fact
with respect to his or her claim for benefits may be subject to the penalties
provided pursuant to section 577 of this title.

Sec. 4. ADOPTION OF RULES

(a) On or before April 1, 2020, the Commissioner of Taxes shall adopt rules necessary to implement the provisions of 21 V.S.A. chapter 5, subchapter 13 related to the collection of contributions and the determination of monetary eligibility, which shall include:

(1) procedures for the collection of contributions;
(2) procedures for the issuance of benefits payments; and
(3) reporting and record-keeping requirements for employers.

(b) On or before April 1, 2020, the Commissioner of Labor shall adopt rules necessary to implement all other provisions of 21 V.S.A. chapter 5, subchapter 13, which shall include:

(1) procedures for receiving and processing applications for benefits;
(2) acceptable documentation for demonstrating eligibility for benefits;
(3) forms and requirements for providing certification from a health care provider of the need for family leave that are modeled on the federal rules governing certification of a serious health condition under the Family and Medical Leave Act;
(4) forms and procedures for obtaining authorization for an individual’s health care provider to disclose to the Commissioner information necessary to make a determination of the individual’s eligibility for benefits; and

(5) procedures for appealing a decision pursuant to 21 V.S.A. § 574 that are modeled, to the extent possible, on the appeals process provided for determinations of benefits in relation to unemployment insurance.

Sec. 5. EDUCATION AND OUTREACH

On or before June 1, 2020, the Commissioner of Labor shall develop and make available on the Department of Labor’s website information and materials to educate and inform employers and employees about the Parental and Family Leave Insurance Program established pursuant to 21 V.S.A. chapter 5, subchapter 13.

Sec. 6. ESTABLISHMENT OF PARENTAL AND FAMILY LEAVE INSURANCE PROGRAM; EXPENDITURES FROM SPECIAL FUND

Beginning on July 1, 2019, the Commissioner of Finance and Management may, pursuant to 32 V.S.A. § 588(4)(C), issue warrants for expenditures from the Parental and Family Leave Insurance Special Fund necessary to establish the Parental and Family Leave Insurance Program in anticipation of the receipt on or after July 1, 2020 of contributions submitted pursuant to 21 V.S.A. § 572.
Sec. 7. ADEQUACY OF RESERVES; REPORT  

Annually, on or before January 15, 2022, 2023, and 2024, the Commissioners of Labor and of Taxes, in consultation with the Commissioners of Finance and Management and of Financial Regulation, shall submit a written report to the House Committees on Appropriations, on General, Housing, and Military Affairs, and on Ways and Means and the Senate Committees on Appropriations, on Economic Development, Housing and General Affairs, and on Finance regarding the amount and adequacy of the reserves in the Parental and Family Leave Insurance Special Fund and any recommendations for legislative action necessary to ensure that an adequate reserve is maintained in the Fund.

Sec. 8. 21 V.S.A. § 1344 is amended to read:

§ 1344. DISQUALIFICATIONS

(a) An individual shall be disqualified for benefits:

* * *

(5) For any week with respect to which the individual is receiving or has received remuneration in the form of:

* * *

(F) Parental and Family Leave Insurance benefits pursuant to chapter 5, subchapter 13 of this title.

* * *
Sec. 9. EFFECTIVE DATES

(a) This section and Secs. 3, 4, 5, 6, and 7 shall take effect on July 1, 2019.

(b) Secs. 1, 2, and 8 shall take effect on October 1, 2021.

(c) Contributions shall begin being paid pursuant to 21 V.S.A. § 572 on July 1, 2020, and, beginning on October 1, 2021, employees may begin to receive benefits pursuant to 21 V.S.A. chapter 5, subchapter 13.