

# OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200  
Hartford, CT 06106 ◊ (860) 240-0200  
<http://www.cga.ct.gov/ofa>

SB-418

AN ACT CONCERNING WAGE THEFT.

## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Labor Dept.	GF - Cost	81,819	109,986
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	31,135	42,551
Labor Dept.	GF - Potential Revenue Gain	Up to 375,000	Up to 500,000

Note: GF=General Fund

**Municipal Impact:** None

### **Explanation**

The bill, which creates additional penalties and establishes a flat fine for failure by contractors and subcontractors to pay workers the required prevailing wage, results in: 1) a cost to the Department of Labor (DOL) of \$112,954 in FY 23 (partial year) and \$152,536 in FY 24, and 2) a potential General Fund revenue gain from fines estimated at up to \$375,000 in FY 23 (partial year) and up to \$500,000 in FY 24.<sup>2</sup>

It is anticipated that up to 200 citations would be issued each year based on the actual number of investigations in 2020 and 2021. In order

---

<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.53% of payroll in FY 23.

<sup>2</sup> Under current law, the labor commissioner may issue fines ranging from \$2,500 to \$5,000 per violation; the bill establishes a flat rate of \$5,000 per violation. Consequently, the revenue gain is dependent on how many violations would be assessed at an amount lower than \$5,000.

to accommodate the number of administrative hearings that would occur, DOL would require one additional Staff Attorney at an annualized cost of \$152,536 (\$104,986 for salary and \$42,551 for fringe benefit costs), including \$5,000 in associated overhead costs (computer, office supplies, etc.).

For contractors or subcontractors that have more than one violation within a five-year period the bill also requires DOL to refer contractors who violate the bill's provisions to the attorney general, who may start a civil lawsuit to recover any unpaid wages, plus interest. This is not anticipated to have a fiscal impact as the Office of the Attorney General has the necessary expertise to handle this provision.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.