

OFFICE OF FISCAL ANALYSIS

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SB-418

AN ACT CONCERNING WAGE THEFT.

As Amended by Senate "A" (LCO 5008)

Senate Calendar No.: 204

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Labor Dept.	GF - Cost	None	57,493
State Comptroller - Fringe Benefits ¹	GF - Cost	None	21,275
Labor Dept.	GF - Revenue Gain	None	Up to 500,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which requires the labor commissioner to issue citations to, and allows her to levy fines against, contractors and subcontractors who violate the state's prevailing wage, results in: 1) a cost to the Department of Labor (DOL) estimated at \$78,768 beginning in FY 24, and 2) a potential General Fund revenue gain from fines estimated at up to \$500,000 beginning in FY 24.²

It is anticipated that DOL would require one part-time Staff Attorney in order to accommodate additional administrative hearings at an

¹The 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.

² 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.

annualized cost of \$73,768 (\$52,493 for salary and \$21,275 for fringe benefit costs), as well as \$5,000 in associated overhead costs (computer, office supplies, etc.).

Senate "A" eliminates the cost in FY 23 by delaying the effective date and reduces the cost in FY 24 identified in the fiscal note on the underlying bill.

The Out Years

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

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.