

OFFICE OF FISCAL ANALYSIS

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sSB-1180

AN ACT CONCERNING RIDESHARE AND DELIVERY DRIVER
MINIMUM STANDARDS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Labor Dept.	GF - Cost	2,380,049	435,550
State Comptroller - Fringe Benefits ¹	GF - Cost	94,225	96,581
Labor Dept.	GF - Revenue Gain	Indeterminate	Indeterminate

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which establishes minimum pay standards and registration/reporting requirements for transportation network and third-party delivery companies, results in a cost to (1) the Department of Labor (DOL) of \$2,380,049 in FY 24 and \$435,550 in FY 25 and (2) the State Comptroller- Fringe Benefits account of \$94,225 in FY 24 and \$96,581 in FY 25, as well as an indeterminate revenue gain from registration fees.²

Administration

In order to accommodate the anticipated workload in administering the bill's provisions, DOL would require one Wage Enforcement Agent

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 42.82% of payroll in FY 24.

² Under the bill, network companies must pay a nonrefundable registration fee that the labor commissioner must determine.

(\$89,177 for salary and \$38,186 for fringe benefits), one Fiscal Administrative Manager (\$74,487 for salary and \$31,895 for fringe benefits) and one part-time Staff Attorney (\$56,385 for salary and \$24,144 for fringe benefits) along with associated equipment/overhead costs of \$20,000.

In addition, the agency would incur significant information technology implementation and maintenance costs for a data records collection system. Specifically, a one-time \$1.9 million cost is estimated in FY 24 for application development and associated consulting costs, along with ongoing maintenance costs of \$190,000 in FY 24 and annually thereafter.³

Annual Study

Section 2 requires the labor commissioner to annually examine and report on the adequacy of minimum pay and whether it should be revised, including consideration of inflation, the consumer price index for various workers, gas prices, and the cost to charge an electric vehicle. As the agency does not have expertise in all these areas, there is a one-time consulting cost estimated at \$50,000 in FY 24 only.⁴

Enforcement

Section 6 allows network workers to bring civil action in the Superior court for violations of this bill's provisions which does not result in any fiscal impact to the state or municipalities. The court system disposes of over 250,000 cases annually and the number of cases is not anticipated to be great enough to need additional resources.

The Out Years

The annualized ongoing fiscal impact identified above would

³ The estimated one-time development cost is based on the cost for building a Salesforce application of similar size and scope.

⁴ It is anticipated that the consulting contract would specify that DOL would retain ownership of the sources and methodology for producing the report so that existing agency staff could update the report in subsequent years

continue into the future subject to inflation.