

# OFFICE OF FISCAL ANALYSIS

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SB-8

## AN ACT CONCERNING PROTECTIONS FOR WORKERS AND ENHANCEMENTS TO WORKERS' RIGHTS.

### ***OFA Fiscal Note***

#### ***State Impact:***

| Agency Affected               | Fund-Effect                      | FY 26 \$ | FY 27 \$        |
|-------------------------------|----------------------------------|----------|-----------------|
| Labor Dept.                   | GF - Cost                        | 195,000  | 199,000         |
| Workers' Compensation Com.    | WCF - Potential<br>Cost          | None     | Up to<br>91,630 |
| Resources of the General Fund | GF - Potential<br>Revenue Gain   | None     | See Below       |
| Labor Dept.                   | UITF - Potential<br>Cost         | None     | See Below       |
| Labor Dept.                   | UITF - Potential<br>Revenue Gain | None     | See Below       |

Note: GF=General Fund; WCF=Workers' Compensation Fund; UITF=Unemployment Insurance Trust Fund

#### ***Municipal Impact:*** None

#### ***Explanation***

The bill establishes protections for employees of certain warehouse distribution centers and makes striking workers (in any type of employment) eligible for unemployment benefits after they have been on strike for 14 consecutive days, resulting in the following fiscal impacts.

**Section 8** allows covered employees or the Attorney General to bring a civil action in Superior Court for violations of sections 2 to 7, resulting in a potential revenue gain to the state. Violations may be subject to civil penalties of up to \$3,000.<sup>1</sup> These cases are not expected to result in a cost

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<sup>1</sup> \$1,000 for the first violation, \$2,000 for the second violation, and \$3,000 for the third and subsequent violations.

to the Attorney General or the courts.<sup>2</sup>

**Section 9** requires the Workers' Compensation Commission (WCC) to monitor injury rates at warehouse distribution centers, resulting in a potential cost to the Workers' Compensation Fund of up to \$91,630 in FY 27. Because WCC does not currently have a system or staff monitoring these injury rates in this manner, it's possible that, if the workload increase is great enough, they will need to hire a part-time State Program Manager, for \$50,000 per year with an estimated fringe benefits rate of \$41,630.<sup>3</sup>

**Section 10** makes striking workers eligible for unemployment benefits after they have been on strike for 14 consecutive days. This results in a potential cost and potential revenue gain to the Unemployment Insurance Trust Fund, starting in FY 27. In addition, the bill results in a one-time cost of \$394,000 to the General Fund (\$195,000 in FY 26 and \$199,000 in FY 27).

To the extent any striking workers become eligible for unemployment benefits as a result of the bill, this would result in a cost to the trust fund. Subsequent increases in experience ratings by employers would result in increased tax revenue to the trust fund on a lagged basis. The amounts are dependent on striking workers' benefits and affected employers' experience ratings.

Additionally, the bill would require the Labor Department to make state-specific technology changes to ReEmployCT, the unemployment insurance administration system, which results in a cost of \$195,000 in FY 26 and \$199,000 in FY 27 (\$394,000 in total).

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<sup>2</sup> 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.

<sup>3</sup> The fringe benefit costs for employees funded out of other appropriated funds are budgeted within the fringe benefit account of those funds, as opposed to the fringe benefit accounts within the Office of the State Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes for other appropriated fund employees is 83.26% of payroll in FY 26.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of civil actions brought under section 8, extent of the increased workload to WCC under section 9, and for the trust fund, the number of workers and employers affected. There is no cost to the General Fund beyond FY 27.