



House of Representatives

General Assembly

File No. 18

February Session, 2008

House Bill No. 5480

House of Representatives, March 11, 2008

The Committee on Labor and Public Employees reported through REP. RYAN, K. of the 139th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING THE CALCULATION OF OVERTIME.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (1) of section 31-76b of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2008*):

4 (1) The "regular rate" at which an employee is employed shall be
5 deemed to include all remuneration for employment paid to, or on
6 behalf of, the employee, but shall not be deemed to include (A) sums
7 paid as gifts; payments in the nature of gifts made at Christmas time or
8 on other special occasions, as a reward for service, the amounts of
9 which are not measured by or dependent on hours worked,
10 production or efficiency; (B) payments made for occasional periods
11 when no work is performed due to vacation, [holiday,] illness, failure
12 of the employer to provide sufficient work, or other similar cause;
13 reasonable payments for traveling expenses, or other expenses,
14 incurred by an employee in the furtherance of the employer's interests
15 and properly reimbursable by the employer; and other similar

16 payments to an employee that are not made as compensation for the
17 employee's hours of employment; (C) sums paid in recognition of
18 services performed during a given period if either, (i) both the fact that
19 payment is to be made and the amount of the payment are determined
20 at the sole discretion of the employer at or near the end of the period
21 and not pursuant to any prior contract, agreement or promise causing
22 the employee to expect such payments regularly; (ii) the payments are
23 made pursuant to a bona fide profit-sharing plan or trust or bona fide
24 thrift or savings plan, meeting the approval of the Labor
25 Commissioner who shall give due regard, among other relevant
26 factors, to the extent to which the amounts paid to the employee are
27 determined with regard to hours of work, production or efficiency; (D)
28 contributions irrevocably made by an employer to a trustee or third
29 person pursuant to a bona fide plan for providing old-age, retirement,
30 life, accident or health insurance or similar benefits for employees; (E)
31 extra compensation provided by a premium rate paid for certain hours
32 worked by the employee in any day or workweek because such hours
33 are hours worked in excess of eight in a day or in excess of the
34 maximum workweek applicable to such employee under section 31-
35 76c, or in excess of the employee's normal working hours or regular
36 working hours, as the case may be; (F) extra compensation provided
37 by a premium rate paid for work by the employee on Saturdays,
38 Sundays, holidays or regular days of rest, or on the sixth or seventh
39 day of the workweek, where such premium rate is not less than one
40 and one-half times the rate established in good faith for like work
41 performed in nonovertime hours on other days; or (G) extra
42 compensation provided by a premium rate paid to the employee, in
43 pursuance of an applicable employment contract or collective-
44 bargaining agreement, for work outside of the hours established in
45 good faith by the contract or agreement as the basic, normal or regular
46 workday, not exceeding the maximum workweek applicable to such
47 employee under section 31-76c, where such premium rate is not less
48 than one and one-half times the rate established in good faith by the
49 contract or agreement for like work performed during such workday
50 or workweek. For the purpose of calculating the overtime rate of

51 compensation required to be paid to an employee who is (i) employed
52 as a delivery driver or sales merchandiser, (ii) paid on a base salary
53 and commission basis, and (iii) not exempt from the overtime
54 requirements of this chapter, the employee's regular rate shall be one-
55 fortieth of the employee's weekly remuneration and shall include
56 payments made for any period when no work is performed due to a
57 holiday. Such hours shall constitute hours worked for purposes of
58 determining eligibility for overtime compensation.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2008	31-76b(1)

LAB *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 09 \$	FY 10 \$
Various	All Funds - Cost	Potential	Potential

Municipal Impact:

Municipalities	Effect	FY 09 \$	FY 10 \$
Various Municipalities	STATE MANDATE - Cost	Potential	Potential

Explanation

The bill requires that paid holidays be counted as part of an employee’s regular work week when determining if the employee is due overtime pay for working more than 40 hours in a week.

While most full-time state and municipal employees currently receive this benefit through collective bargaining, this bill may impact certain non-unionized and hourly employees.

The state and municipalities may incur increased personnel costs if they do not currently count paid holidays as part of an employee’s regular work week when calculating the 40 hour threshold for overtime pay. State and municipal employees receive 10-12 paid holidays each year. The extent of the increased personnel costs would depend on the number of employees who earn overtime pay during the week of a paid holiday, the amount of overtime worked, and the employee’s hourly wage.

The Out Years

The annualized ongoing fiscal impact identified above would

continue into the future subject to inflation.

OLR Bill Analysis**HB 5480*****AN ACT CONCERNING THE CALCULATION OF OVERTIME.*****SUMMARY:**

This bill requires that paid holidays be counted as part of an employee's regular pay that is used to determine if the employee is due overtime pay for working more than 40 hours in a week. It makes the paid holiday count as part of the 40 hours.

By law, an employee's "regular rate" includes all remuneration for employment paid to, or on behalf of, the employee. But certain types of pay are exempt such as payments made when no work is performed due to vacation, illness, failure of the employer to provide sufficient work, reasonable travel and other expenses, and other specified types of pay.

EFFECTIVE DATE: October 1, 2008

BACKGROUND***Overtime Rules***

State and federal laws require that, for all employees subject to overtime rules, the overtime hourly rate is one and a half times the employee's regular rate. The regular rate is 1/40th of the employee's weekly remuneration (total pay). The law exempts some employees, such as salespeople and executives, from overtime pay requirements.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable

Yea 9 Nay 2 (02/28/2008)