

**Proposed Substitute
Bill No. 1044**

LCO No. 5339

**AN ACT CONCERNING THE RECOUPMENT OF STATE COSTS
ATTRIBUTABLE TO LOW WAGE EMPLOYERS.**

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

1 Section 1. (NEW) (*Effective from passage*) (a) As used in this section
2 and sections 2 to 4, inclusive, of this act:

3 (1) "Person" has the same meaning as provided in section 42-133e of
4 the general statutes, except "person" shall not include the state or any
5 department, agency or political subdivision thereof;

6 (2) "Franchise" has the same meaning as provided in section 42-133e
7 of the general statutes;

8 (3) "Franchisor" has the same meaning as provided in section 42-
9 133e of the general statutes;

10 (4) "Franchisee" has the same meaning as provided in section 42-
11 133e of the general statutes;

12 (5) "Employee" means any individual employed or permitted to
13 work by an employer, but does not include any individual employed
14 in any park, camp or resort that is open not more than six months of
15 the year;

16 (6) "Covered employer" means:

17 (A) Any person, firm, business, educational institution, corporation,
18 limited liability company or other entity that directly employs five
19 hundred or more employees in the state in any one quarter in the
20 previous year, which shall be determined annually on January first,
21 based upon the wage information submitted to the Labor
22 Commissioner pursuant to subsection (j) of section 31-225a of the
23 general statutes; or

24 (B) Any franchisor whose franchisees, collectively, employ five
25 hundred or more employees in the state in any one quarter in the
26 previous year, which shall be determined annually on January
27 fifteenth, based upon the information submitted to the Labor
28 Commissioner pursuant to section 4 of this act;

29 (C) "Covered employer" does not include any private nonprofit
30 entity, the state or any instrumentality or political subdivision thereof;

31 (7) "Low wage" means hourly pay of not more than fifteen dollars.

32 (8) "Low wage employer fee" means any fee assessed pursuant to
33 subsection (b) of this section and paid to the state in accordance with
34 this act; and

35 (9) "Wage" means compensation due to an employee by reason of
36 his or her employment.

37 (b) Any covered employer that employs, or whose franchisee
38 employs, any employee (1) who was listed on such covered employer's
39 or such franchisee's payroll for at least ninety calendar days prior to
40 the completion of the most recent calendar quarter, and (2) whose
41 wages paid by such covered employer, or such covered employer's
42 franchisee, during such quarter were less than or equal to fifteen
43 dollars per hour, shall pay a fee to the Labor Commissioner for each
44 such employee. Such fee shall be assessed quarterly and shall be equal

45 to one dollar for each hour such employee worked for such covered
46 employer during the previous quarter. The Labor Commissioner shall
47 collect such fees from each covered employer not later than sixty days
48 after the completion of the quarter in which such fees were assessed.
49 Such fee shall not accrue until January 1, 2016.

50 (c) There is established an account to be known as the "human
51 services support account", which shall be a separate, nonlapsing
52 account within the General Fund. The account shall contain any
53 moneys collected pursuant to subsection (b) of this section.

54 (d) The Labor Commissioner shall deposit moneys collected
55 pursuant to subsection (b) of this section with the State Treasurer, who
56 shall deposit such moneys into the human services support account
57 established pursuant to subsection (c) of this section. Such moneys
58 shall be allocated to (1) the Departments of Social Services and
59 Developmental Services to support and improve the quality of state-
60 supported consumer-directed services for elderly and disabled
61 persons, and (2) the Office of Early Childhood to increase access to,
62 support and improve the quality of school readiness programs, the
63 child-care subsidy program authorized pursuant to section 17b-749 of
64 the general statutes, child development centers, Head Start, Early
65 Head Start or other programs overseen by said office to provide child
66 care and early learning opportunities for the children of low wage
67 workers. For the purposes of improving quality of services pursuant to
68 subdivisions (1) and (2) of this subsection, revenue may be used to
69 recruit, retain and offer professional development to a qualified
70 workforce.

71 (e) Notwithstanding the provisions of subsection (d) of this section,
72 moneys received by the Labor Commissioner pursuant to subsection
73 (b) of this section may be used for the purpose of administering and
74 enforcing the provisions of subsection (b).

75 (f) On and after October 1, 2015, the Labor Commissioner shall

76 adopt regulations for the determination of and collection of fees
77 pursuant to subsection (b) of this section, including the establishment
78 of reasonable penalties or other remedies for failure to file timely
79 reports and for delinquent or unpaid fees assessed pursuant to this
80 section.

81 Sec. 2. (NEW) (*Effective from passage*) (a) There is established the
82 Connecticut Low Wage Employer Advisory Board that shall advise the
83 Labor Commissioner, the Departments of Social Services and
84 Developmental Services and the Office of Early Childhood generally
85 on matters related to the implementation of the low wage employer
86 fee, public assistance usage among working residents of the state,
87 improvement of the quality of public assistance programs affecting
88 such residents, wages and working conditions for the workforce
89 delivering services to low-wage working families and reliance of large
90 businesses on state-funded public assistance programs. The board
91 shall:

92 (1) Advise the Labor Department and other agencies as needed on
93 matters related to the implementation of sections 1 to 4, inclusive, of
94 this act;

95 (2) Engage in further study and monitoring of the causes and effects
96 of large businesses paying low wages to residents of the state,
97 including the impact of such labor practices on workers' need for
98 public assistance, the benefits received by employers from the
99 provision of public assistance to the state workforce and solutions to
100 associated problems;

101 (3) Consider, suggest and review legislative and agency proposals
102 and actions;

103 (4) Foster communication between working residents of the state
104 who provide or receive public assistance and employers and state
105 agencies for the purpose of improving the quality of state public

106 assistance programs serving lower-income residents; and

107 (5) Advise the Labor Commissioner, and other interested state
108 agencies or officials, on policies and procedures related to public
109 assistance usage among lower-income working residents and the
110 impact of public assistance programs on workforce quality and
111 stability.

112 (b) The board may form working groups, as necessary, to solicit
113 feedback from stakeholders to enable the board to fulfill the duties and
114 responsibilities set forth in subsection (a) of this section.

115 (c) On December first of each calendar year, the board shall report
116 its findings and recommendations in accordance with the provisions of
117 section 11-4a of the general statutes to the Labor Commissioner,
118 Commissioner of Social Services and Director of the Office of Early
119 Childhood. The report shall be made available to the public and to the
120 joint standing committees of the General Assembly having cognizance
121 of matters relating to labor, human services and education.

122 (d) Notwithstanding the provisions of section 4-9a of the general
123 statutes, the board shall consist of the following members each of
124 whom shall serve an initial term of four years following the date of
125 appointment:

126 (1) Five appointed by the Governor: (A) One of whom shall be an
127 expert on the issues facing low wage workers, (B) one of whom shall
128 be an expert on the labor force needs of the large business community,
129 (C) one of whom shall be an expert on the labor force needs of the
130 small business community, (D) one of whom shall be a recipient of
131 consumer-directed Medicaid services, and (E) one of whom shall be a
132 person enrolled in a state child care program;

133 (2) One appointed by the president pro tempore of the Senate, who
134 shall represent an organization whose principal purpose is advocacy
135 for services funded by consumer-directed Medicaid programs;

136 (3) One appointed by the speaker of the House of Representatives,
137 who shall represent an organization whose principal purpose is
138 advocacy for services funded by state child care programs;

139 (4) One appointed by the majority leader of the Senate, who shall be
140 an organized labor representative who represents workers who
141 provide services funded by consumer-directed Medicaid programs;

142 (5) One appointed by the majority leader of the House of
143 Representatives, who shall be an organized labor representative who
144 represents workers who provide child care services funded by state
145 child care programs;

146 (6) One appointed by the minority leader of the Senate, who shall be
147 a person with experience in the labor force needs of the large business
148 community;

149 (7) One appointed by the minority leader of the House of
150 Representatives, who shall be a person with experience in the labor
151 force needs of the small business community;

152 (8) The Labor Commissioner, or the commissioner's designee; and

153 (9) The Secretary of the Office of Policy and Management, or the
154 secretary's designee.

155 (e) All appointments to the board shall be made not later than July
156 31, 2015. Following the expiration of their initial terms, subsequent
157 members appointed by the Governor and members of the General
158 Assembly shall serve three-year terms. Any vacancy shall be filled by
159 the appointing authority not later than thirty calendar days after the
160 office becomes vacant. Any member previously appointed to the board
161 may be reappointed.

162 (f) The members of the board shall elect two chairpersons of the
163 board at the first meeting of the board, which shall be held not later

164 than forty calendar days after the effective date of this section. The
165 board shall meet at least quarterly.

166 (g) Each member shall serve without compensation but shall, within
167 available appropriations, be reimbursed in accordance with standard
168 travel reimbursement for state employees for all necessary expenses
169 that they may incur through service on the board.

170 (h) Each member shall, not later than ten calendar days after
171 appointment, take an oath of office to diligently and honestly
172 administer the affairs of the board, and will not knowingly violate or
173 willingly permit to be violated any of the provisions of law applicable
174 to their service on the board. The oath shall be administered by a
175 chairperson of the board.

176 (i) Each member shall be entitled to one vote on the board. A
177 majority of the members who have been appointed to the board shall
178 constitute a quorum for the transaction of any business, the exercise of
179 any power or the performance of any duty authorized or imposed by
180 law.

181 (j) The board shall be within the Labor Department for
182 administrative purposes only.

183 Sec. 3. (NEW) (*Effective from passage*) (a) Any covered employer
184 aggrieved by the Labor Commissioner's determination of fees
185 pursuant to subsection (b) of section 1 of this act may file a complaint
186 with the commissioner. Upon receipt of the complaint, the
187 commissioner shall investigate such complaint and may conduct a
188 hearing in accordance with the provisions of sections 4-176 to 4-181a,
189 inclusive, of the general statutes.

190 (b) The Labor Commissioner may request the Attorney General to
191 investigate any violation of subsection (b) of section 1 of this act. Any
192 information obtained pursuant to such investigation shall be exempt
193 from disclosure under section 1-210 of the general statutes. If the

194 Attorney General finds that a covered employer has violated or is
195 violating any provision of section 1, 2 or 4 of this act, the Attorney
196 General may bring a civil action in the superior court for the judicial
197 district of Hartford in the name of the state against such covered
198 employer.

199 (c) Nothing in this section shall be construed to require a fee based
200 on the hourly pay of any employee whose pay was established by a
201 collective bargaining agreement executed prior to the effective date of
202 this section for the term of such agreement.

203 Sec. 4. (NEW) (*Effective from passage*) Not later than January 1, 2016,
204 and annually thereafter, each employer that submits wage information
205 to the Labor Commissioner pursuant to subsection (j) of section 31-
206 225a of the general statutes shall inform the commissioner if such
207 employer is a franchisee. If such employer is a franchisee, such
208 employer shall provide to the commissioner the name and address of
209 the franchisor that granted the franchise to such employer and any
210 other information the commissioner may require.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section