

OFFICE OF FISCAL ANALYSIS

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sSB-421

AN ACT CONCERNING MUNICIPAL BUDGET RESERVES FOR
THE BIENNIUM ENDING JUNE 30, 2019.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 19 \$	FY 20 \$
Various Municipalities	Potential Savings	Significant	Significant

Explanation

There is a potentially significant savings associated with the bill, which shields a portion of municipal reserve fund balances from consideration for payment resulting from an arbitration decision with municipal employees.

The savings associated with the bill would vary depending on the municipality's ability to pay such award based on other financial and labor factors an arbitration panel must take into consideration. The bill is expected to shield municipalities to the extent that arbitration awards are often significant sums (about 2% of wages on average), and the bill removes a significant factor from a municipality's ability to pay.

The Out Years

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

Sources: Department of Labor Office of Arbitration

Primary Analyst: AN
Contributing Analyst(s): DD

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