



CONNECTICUT BANKERS ASSOCIATION

March 10, 2020

To: Members of the Banking Committee
From: Tom Mongellow, Art Corey (860-677-5060); Fritz Conway (860-229-0301)
Re: House Bill 5426, An Act Concerning Liens for Unpaid Wages and a Requirement that Fiscal Intermediaries Meet Employer Timely Pay Obligations
Position: Opposed

House Bill 5426 would, among other things, give the Commissioner of the Department of Labor and employees of private employers a lien on the employer's property for wages not paid to the employee in compliance with applicable Connecticut law. The lien would be established by the employer or Commissioner sending a notice of the lien to the employer that complies with certain requirements. The employer or Commissioner may record such a lien on a municipality's land records against the employer's real property. Even though an employer can challenge the lien, it must do so through a court action.

The Connecticut Bankers Association opposes this bill because of the draconian consequences it may have. For example, a lien on an employer's real property can create title issues that could prevent property transfers in a timely manner, may discourage a bank from making a loan (that may be used to pay those very wages) that would be secured by such real property. We believe these detrimental consequences outweigh the problem this bill is trying to resolve.

We believe there are already adequate remedies available to Connecticut employees who do not receive wages in compliance with Connecticut law. Connecticut law has strict wage payment requirements and the Connecticut Department of Labor maintains a process that allows employees to file wage complaints against their employers. The DOL will investigate such complaints and can issue orders to employers to pay unpaid wages. The DOL uses civil and criminal remedies to enforce compliance with wage and workplace standards laws.

Connecticut employees can also take an employer to small claims court for unpaid wages. The small claims process is designed to allow individuals to represent themselves in such matters.

For the above reasons, we believe Connecticut employees already have adequate remedies with regard to unpaid wages and we respectfully ask the Committee to oppose House Bill 5426.

The CBA appreciates the opportunity to comment upon House Bill 5426.