



Testimony of

**Sal Luciano, President  
Connecticut AFL-CIO**

Banking Committee - March 10, 2020

***HB 5426 An Act Concerning Liens for Unpaid Wages and a Requirement that Fiscal Intermediaries Meet Employer Timely Pay Obligations***

Good afternoon Representative Lopes, Senator Bergstein and members of the Banking Committee. My name is Sal Luciano and I am proud to serve as the President of the Connecticut AFL-CIO, a federation of hundreds of local unions representing more than 220,000 members in the private sector, public sector and building trades. Our members live and work in every city and town in our state, reflecting the diversity that makes Connecticut great. Thank you for the opportunity to provide testimony on HB 5426 An Act Concerning Liens for Unpaid Wages and a Requirement that Fiscal Intermediaries Meet Employer Timely Pay Obligations.

Wage theft is the denial of wages or benefits rightfully owed to an employee and can be committed by employers in various ways, including violating minimum-wage laws; failing to pay overtime, misclassifying employees as independent contractors, forcing employees to work "off the clock", failing to submit tax payments, paying employees in cash without maintaining appropriate records, or simply not paying an employee at all. Wage theft costs workers, and state coffers, millions of dollars each year.

Low-wage workers are frequent victims of wage theft, pushing them deeper into poverty. The Department of Labor is so short staffed that wage and hour investigations sometimes don't happen until months after complaints are made. These workers typically cannot afford to hire an attorney to collect wages owed to them. Even if they could, lawsuits to recover unpaid wages take time and employers frequently hide their assets and use delay tactics to prolong the proceedings. When a worker finally does receive a court award, it is often impossible to collect. Workers need stronger tools to protect their right to be paid and collect wages they have earned.

Section 1 would allow workers to place a temporary hold on an employer's property until the employer pays the wages due or until a judge decides the case. This would create a process similar to a mechanic's lien. When a Connecticut contractor is not paid for their work, they can record their claim and prevent payment evasion with a mechanic's lien.

Section 2 of would make fiscal intermediaries follow the same wage and hour laws that apply to employers. It would also allow the Department of Labor to investigate and fine them.

This bill provides new tools for workers to recover unpaid wages. We urge the Committee to protect workers and law-abiding employers by supporting HB 5426. Thank you.