

# OFFICE OF FISCAL ANALYSIS

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HB-5271

AN ACT INCREASING THE UNEMPLOYMENT COMPENSATION  
THRESHOLD FOR AGRICULTURAL EMPLOYERS.

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## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Labor Dept.	GF - Cost	13,135	None
Labor Dept.	UITF - See Below	See Below	See Below
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	551	None

Note: GF=General Fund; UITF=Unemployment Insurance Trust Fund

**Municipal Impact:** None

### **Explanation**

The bill, which increases from \$20,000 to \$25,000 the quarterly compensation threshold that determines whether an agricultural employer and its employees are covered by the state's unemployment law, results in a cost to (1) the Department of Labor (DOL) of \$13,135 in FY 25 only and (2) the State Comptroller- Fringe Benefits account of \$551 also in FY 25 only. Additionally, it results in a minimal net fiscal impact to the Unemployment Insurance (UI) Trust Fund beginning in FY 25.

In order to implement the requirements of this bill, DOL would need \$11,800 for vendor costs related to code changes needed in

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<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.25% of payroll in FY 25.

ReEmployCT.<sup>2</sup> Additionally, DOL would need 24 hours of staff time for a Revenue Examiner (\$909 for 16 hours of work and \$375 for fringe benefits) and a Temporary Worker Retiree (\$426 for 8 hours of work and \$176 for fringe benefits)<sup>3</sup>. The staff would test the system to ensure the code changes function properly.

The bill also results in an expected loss of UI taxes paid by any newly exempted employer, which is anticipated to be largely offset by savings in UI benefits to newly exempted employees over time.

### ***The Out Years***

The annualized ongoing fiscal impact on the Unemployment Insurance Trust Fund identified above would continue into the future.

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<sup>2</sup> ReEmployCT is the unemployment insurance administration system. Since the code changes needed will not be part of the Unemployment Insurance Modernization Consortium, the vendor costs will need to be paid using the General Fund.

<sup>3</sup> The agency cannot use federal funds for state mandated requirements. Therefore, the hours paid to the staff will be from the General Fund.