

# OFFICE OF FISCAL ANALYSIS

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sSB-221

AN ACT CONCERNING THE MINIMUM FAIR WAGE AND  
SERVICE CHARGES.

## ***OFA Fiscal Note***

### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 25 \$</b>	<b>FY 26 \$</b>
Consumer Protection, Dept.	GF - Potential Cost	71,000	71,000
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Potential Cost	29,000	29,000

Note: GF=General Fund

### ***Municipal Impact:***

<b>Municipalities</b>	<b>Effect</b>	<b>FY 25 \$</b>	<b>FY 26 \$</b>
Various Municipalities	STATE MANDATE <sup>2</sup> - Cost	Potential	Potential

## ***Explanation***

The bill makes various changes to labor laws resulting in the potential costs described below.

**Section 1**, which phases out the recognition of gratuities as part of the fair minimum wage, does not result in any fiscal impact to the Department of Labor (DOL) as the bill does not add additional tasks to

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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.

<sup>2</sup> State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

DOL's Wage and Workplace Standards Division.

**Section 2** results in a potential cost to municipalities beginning in FY 25 to the extent that they employ unemancipated minors, learners, or apprentices. The bill removes a provision that permitted employers to pay certain minors, learners, or apprentices below the minimum fair wage. Removing this provision results in a cost to any municipality that employs these workers.

**Section 3** makes it an unfair trade practice for a restaurant to charge a service fee to a customer without disclosing the fee's amount and purpose before the customer orders, resulting in a potential cost to the Department of Consumer Protection (DCP) and the State Comptroller beginning in FY 25. To the extent this generates a significant increase in violations that DCP will have to investigate, the agency may have to hire one special investigator for an annual personal services cost of \$71,000, along with associated fringe benefit costs of \$29,000 per year.

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

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