

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◊ (860) 240-0200
<http://www.cga.ct.gov/ofa>

sHB-5409

AN ACT CONCERNING TROOPS-TO-TRADES INITIATIVES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Labor Dept.	GF - Cost	None	Up to 100,000
Military Dept.	GF - Potential Cost	None	Up to 224,963
State Comptroller - Fringe Benefits ¹	GF - Potential Cost	None	Up to 89,898
Vet. Affairs, Dept.	GF - Cost	50,000	50,000
Department of Revenue Services	GF - Potential Revenue Loss	None	Up to 1 million
Department of Economic & Community Development	GF - Potential Cost	34,750	69,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill places various requirements related to current and former armed forces members on several state agencies and results in the fiscal impacts described below.

Section 1 establishes several requirements for the Department of Labor related to veteran and military member career support, including a study of models from other states in the region that deploy technology to connect such individuals with prospective employers. This results in

¹The 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 41.82% of payroll in FY 27.

a cost of up to \$100,000 in FY 28 for the hiring of a consultant to conduct such study.

Section 2 requires the Military Department to increase promotion of and periodically improve its employment assistance program, resulting in a potential cost to the Military Department of up to \$224,963 and a potential cost to the State Comptroller of up to \$89,898 beginning in FY 28. Depending on the extent to which the department improves and promotes the program and how many transitioning servicemembers participate, the department may need to hire one Program Manager and one Executive Assistant II.² Costs of equipment and supplies for these positions are not expected to exceed \$10,000 annually.

Section 3 requires the Department of Veterans Affairs (DVA) to hold an annual “Stand Down” event at multiple locations around the state, which must include a job fair to promote the hiring of current and former members of the armed services, reserves, and National Guard. DVA currently holds six such annual events around the state that include employers and workforce development providers. These events are currently funded through the agency’s Institutional General Welfare Fund.³ Due to the depletion of this fund, it is estimated that DVA will require \$50,000 beginning in FY 27 to continue to sponsor “Stand Down” events.

Section 4 makes a technical change that does not result in a fiscal impact.

Section 5 requires the Department of Economic and Community Development (DECD) to develop legislative recommendations for promoting in-state employment of armed forces members and has no fiscal impact. It is anticipated that DECD can produce these recommendations within existing resources.

² The starting salaries for these positions are \$98,695 and \$116,268, respectively. The total estimated fringe benefits cost for these positions is \$89,898.

³ This fund is currently supported via fees from residents at the Veterans' Home and private monetary donations made to the state for veterans.

Section 6 establishes a veterans' job tax credit program and results in a potential revenue loss of up to \$1 million annually as early as FY 28.⁴ The actual magnitude and timing of the revenue loss depends on the timing and number of qualifying jobs created. A similar expired tax credit program (the Job Expansion Tax Credit) resulted in credits being claimed for approximately 50 military jobs annually from 2012 through 2014.

The section also results in a potential cost of \$34,750 to DECD in FY 27 and \$69,500 annually thereafter to administer the Job Expansion Tax Credit program. It is anticipated that DECD will require one part-time (0.5 FTE) position at an annualized cost of \$49,000 in salary and \$20,500 in fringes to manage applications and approvals for tax credits under the program which is capped at \$1 million per year. The bill allows DECD to charge an application fee which may partially or fully offset the cost to administer this program.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the scale of improvement to and promotion of the Military Department's employment assistance program and inflation.

⁴ The total amount of credits is capped at a total of \$1 million annually. Each credit is a one-time amount of \$2,500 per qualifying veteran job created.