

PLEASE REPLACE THIS REVISED FISCAL NOTE FOR SB 849 FOR THE NOTE  
ISSUED ON MAY 2, 1995 (see explanation in revised note)

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

REVISED

Please replace this revised note for the note issued on May 2,  
1995

**BILL NUMBER:** Senate Bill 849

**SHORT TITLE:** Require Work Breaks

**SPONSOR(S):** Senator Gulley, et al.

**FISCAL IMPACT:**   **Expenditures:**    Increase (X)        Decrease ( )  
                  **Revenues:**        Increase ( )        Decrease ( )  
                  **No Impact** ( )  
                  **No Estimate Available** ( )

**FUND AFFECTED:**    General Fund (X)   Highway Fund ( )   Local Fund ( )  
                          Other Fund ( )

**REVISION STATEMENT:** The original fiscal note, issued May 2, 1995, did not reflect estimated recurring enforcement costs for implementing the bill's provisions. The amount and justification for these additional expenditures were not submitted by the Department of Labor in their original response to the Fiscal Research Division concerning the fiscal impact of this bill. This **Revised Fiscal Note** incorporates these additional enforcement expenditures as submitted by the Department of Labor on May 10, 1995.

**BILL SUMMARY:** Senate Bill 849 amends the State Wage and Hour Act (G.S. 95) to require employers to provide their employees with a meal period and rest breaks under defined circumstances. The bill's requirements are as follows:

(1) employers shall provide a **meal break** of at least one-half hour for any employee who works for a period of five consecutive hours;

(2) employers shall provide a **rest period** at the rate of 10 minutes for each five hour work period or major fraction thereof; as practicable as possible, rest periods shall be provided in the middle of each work period; and

(3) employers shall not make deductions from an employee's wages for any **rest period** provided.

The bill exempts single employee businesses and employees subject to the provisions of a collective bargaining agreement from the aforementioned requirements. In addition, the bill provides for the Commissioner of Labor to grant exemptions to individual employers who can show that meal breaks and rest periods would substantially interfere with their normal business operations. The bill also allows the Commissioner to grant exemptions for categories of employers if out of business necessity the bill's provisions would preclude providing meal and rest breaks.

**EFFECTIVE DATE:** January 1, 1996

**PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:** Wage and Hour Division, Department of Labor.

**FISCAL IMPACT**

|                           | <u>FY96</u> | <u>FY97</u> | <u>FY98</u> | <u>FY99</u> | <u>FY00</u> |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>EXPENDITURES</b>       |             |             |             |             |             |
| <b>TOTAL EXPENDITURES</b> | \$73,581    | \$147,162   | \$147,162   | \$147,162   | \$147,162   |
| <b>STATE FUNDS</b>        | \$73,581    | \$147,162   | \$147,162   | \$147,162   | \$147,162   |
| <b>FEDERAL FUNDS</b>      | 0           | 0           | 0           | 0           | 0           |
| <b>LOCAL FUNDS</b>        | 0           | 0           | 0           | 0           | 0           |
| <b>OTHER FUNDS</b>        | 0           | 0           | 0           | 0           | 0           |
| <b>RECEIPTS/FEES</b>      | N/A         | N/A         | N/A         | N/A         | N/A         |
| <b>POSITIONS:</b>         | 4           | 4           | 4           | 4           | 4           |

**ASSUMPTIONS AND METHODOLOGY:**

- Existing law, G.S. 95-25.14(d) of the Wage and Hour Act, exempts the "State of North Carolina, any city, town, county, or municipality, or any State or local instrumentality of government" from the requirements of the proposed bill.
- The Department of Labor, through its Wage and Hour Division, is the State agency charged with enforcing the Wage and Hour Act.
- Estimated enforcement expenditures for a full fiscal year are composed of \$120,162 in salaries and benefits and \$27,000 in operating support (\$120,162 + \$27,000 = \$147,162).
- Out-year fiscal estimates do not account for inflation, salary increases, or increased retirement and health benefit costs. Therefore, estimated expenditures in future years may be understated.
- Given the that bill's effective date is midway through the 1996 fiscal year, first year estimated expenditures have been reduced to

one-half of the expected costs for a full fiscal year (notwithstanding Assumption No. 4 listed above).

6. The four personnel positions reflected in the table above include three Wage and Hour Compliance Officers for field investigations and one Administrative Assistant for administrative support.

7. The Department of Labor estimates that 258 employee complaints per month will be received for processing each month. Of this total, 172 complaints will be resolved by telephone and 86 complaints (172 + 86 = 258) will require field investigations.

8. The Department estimates that, on average, a single field investigation will require eight hours to conduct (including travel time).

9. Of the 86 complaints per month requiring field investigations, the Department estimates that, on a part-time basis, 14 existing Wage and Hour Division staff will handle 28 of these investigations per month. The remaining 58 field investigation cases (14 + 58 = 86) are to be handled on a full-time basis by the three additional compliance officers identified in Assumption No. 6 above.

**SOURCES OF DATA:** Department of Labor

**TECHNICAL CONSIDERATIONS:** None.

**FISCAL RESEARCH DIVISION**

**733-4910**

**PREPARED BY:** Mark Trogdon

**APPROVED BY:** Tom Covington **TomC**

**DATE:** May 11, 1995

**[FRD#002]**



**Signed Copy Located in the NCGA Principal Clerk's Offices**