



STATE OF VERMONT
OFFICE OF LEGISLATIVE COUNCIL

MEMORANDUM

To: Minimum Wage and Benefits Cliff Study Committee
From: Damien Leonard
Date: September 21, 2017
Subject: Minimum Wage Initiatives in New Hampshire and Massachusetts, and the Fiscal Off-Ramp in California's Minimum Wage Law

Questions Presented

During its last meeting, the Study Committee asked me to look into the status of various initiatives to raise the minimum wage in New Hampshire and Massachusetts, and to find out more about how the fiscal "off-ramp" in California's minimum wage law functions and why it was adopted.

Minimum Wage Initiatives in New Hampshire and Massachusetts

New Hampshire:

Two bills to raise New Hampshire's minimum wage were proposed during this legislative session. However, both bills died without advancing out of the chamber in which they originated.

- SB.83 would have raised the minimum wage to \$12.00 by September 1, 2018. A copy of that bill is posted to the Committee's web page, and additional information regarding that bill is available at:
http://www.gencourt.state.nh.us/bill_status/Results.aspx?q=1&txtsessionyear=2017
- HB.115 would have raised the minimum wage to \$12.00 by January 1, 2019 and then annually increased it based on the CPI, created a training wage of \$8.50 for 16- and 17-year-old workers in their first three months of employment, and increased the tipped minimum wage from 45% to 60% of the minimum wage. A copy of that bill is

posted to the Committee's web page, and additional information regarding that bill is available at:

http://www.gencourt.state.nh.us/bill_status/Results.aspx?q=1&txtsessionyear=2017.

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Massachusetts:

At present, a group called Raise Up Massachusetts is collecting signatures for a ballot initiative that would raise the minimum wage to \$15.00 and the tipped minimum wage to \$9.00 by 2022, and after that would annually increase those wages based on the CPI. A copy of the proposed ballot text is posted on the Committee's web page, and more information on the ballot initiative is available at:

<http://raiseupma.org/campaigns/the-fight-for-15/>.

I spoke with Patrick Prendergast, the staff director for Rep. Paul Brodeur, the House Chair of the Joint Committee on Labor and Workforce Development. My understanding is that because of the effort to place the raise the minimum wage through a ballot initiative, the Massachusetts Legislature is taking up the various introduced minimum wage bills for consideration. To that end, on Tuesday, September 19, the Joint Committee held a hearing to consider seven different minimum wage bills, including two that would raise the minimum wage and tipped minimum wage in a similar manner to the ballot initiative. Those two bills, S.1004 and H.2365, are posted on the Committee's web page. More information on that hearing, including links to the other bills, is available at: <https://malegislature.gov/Events/Hearings/Detail/2731>.

I am expecting to receive some additional materials that the Joint Committee has been reviewing, and I will post them to the Committee's web page after I receive them.

The Fiscal "Off-Ramp" in California's Minimum Wage Law

I spoke with Luke Reidenbach, a staff analyst for the Assembly Appropriations Committee, where the off-ramp provisions were added to California's minimum wage bill, as well as several staff members of the California Department of Finance.

Based on my conversations, my understanding is that the off-ramps were requested by Governor Brown, who was particularly concerned about the impact of raising the minimum wage on the state's budget if California entered a recession while the scheduled wage increases were occurring. In addition, the off-ramp provisions provided a significant difference from a proposed ballot initiative, which had no provision for pausing minimum wage increases, and may have helped gain support for the bill from some moderate members of the legislature.

My understanding is that a regional model like New York's and Oregon's was discussed as an alternative method for cushioning the potential impact of the minimum wage increases on the state's economy, but that agreement could not be reached on how to split the state into different wage regions.

With respect to the fiscal off-ramp from California's minimum wage law, as you will remember, each July 28 until the minimum wage reaches \$15.00, the Director of Finance is required to determine and certify to the Governor and the Legislature whether the General Fund would be in deficit in the current fiscal year or either of the two following fiscal years when taking into account the current minimum wage and the next scheduled increase. This is in addition to another set of certifications related to whether there is a decrease in nonfarm employment and sales tax revenues. In both instances, if the Director of Finance determines that specific conditions showing a decline in the state's economic situation are present, the Governor may invoke the relevant off-ramp provision and pause the scheduled increases in the minimum wage for one year.

Under the fiscal off-ramp provision, a deficit is defined as a negative balance in the Special Fund for Economic Uncertainties that exceeds 1% of the projected revenues and transfers accruing to the General Fund for that fiscal year. The Special Fund for Economic Uncertainties is the California General Fund's reserve fund. It is funded by transfers from the General Fund and excess General Fund revenues, and is used to plug deficits when expenditures from the General Fund exceed revenues. The annual certification is based on the Department of Finance's forecast for revenues and expenditures for the current and next two fiscal years, taking into account the next scheduled minimum wage increase.

In summary, California's fiscal off-ramp can be triggered if the General Fund is unable to support the minimum wage increase because expenditures are projected to exceed revenues to an extent that the Special Fund will be drained and reach a negative balance equal to 1% of the total revenues and transfers that will accrue to the General Fund in that particular fiscal year. Typically, this would be a projected negative Special Fund balance of roughly \$1.2–1.4 billion.

I have requested a copy of this year's certification by the Director of Finance, and I will post it to the Committee's web page when I receive it.

Initiative Petition for a Law Raising the Minimum Wage

Be it enacted by the People, and by their authority:

SECTION 1. Section 1 of chapter 151 of the General Laws is hereby amended by striking out the wage rate specified in the second sentence of the section and inserting in place thereof the following rate:- \$12.00

SECTION 2. Said section 1 of said chapter 151 is hereby further amended by striking out the wage rate specified in the second sentence of the section and inserting in place thereof the following rate:- \$13.00

SECTION 3. Said section 1 of said chapter 151 is hereby further amended by striking out the wage rate specified in the second sentence of the section and inserting in place thereof the following rate:- \$14.00

SECTION 4. Said section 1 of said chapter 151 is hereby further amended by striking out the wage rate specified in the second sentence of the section and inserting in place thereof the following rate:- \$15.00

SECTION 5. Section 1 of said chapter 151 is hereby further amended by inserting, before the last sentence thereof, the following sentences:-

Beginning in September 2022 and in September of each year thereafter, the commissioner shall adjust the current minimum wage then in effect and the current minimum cash wage then in effect that must be paid tipped employees under section 7 of this chapter based upon the increase, if any, in the cost of living. The increase in the cost of living shall be calculated to reflect the twelve-month percentage increase, if any, in the Consumer Price Index for all Urban Consumers, U.S. City Average, All Items (or a successor index, if any) as published by the Bureau of Labor Statistics of the United States Department of Labor, using the most recent twelve-month period for which data is available at the time that the calculation is made. The commissioner shall round the adjusted wage rates to the nearest five cents and announce them by October 1 of each year, and they shall become effective on January 1 of the following year.

SECTION 6. Chapter 151 is hereby further amended by inserting, after section 2B, the following section:-

Section 2C. Notwithstanding section 17 of chapter 15D or any general or special law to the contrary, the department of early education and care shall be deemed the employer of family child care providers, as defined by section 17(a) of chapter 15D, and family child care providers shall be deemed employed persons, for purposes of this chapter. Notwithstanding any general or special law to the contrary, the attorney general of the commonwealth shall determine the minimum rates to be paid by the department of early education and care to family child care providers and promulgate any regulations necessary for purposes of determining the minimum rates in order that the rates are substantially equivalent to the minimum wage provisions set forth in section 1 of this chapter.

SECTION 7. Section 7 of said chapter 151 is hereby amended by striking out the cash wage specified in clause (1) of the third paragraph and inserting in place thereof the following figure:-
\$5.05

SECTION 8. Said Section 7 of said chapter 151 is hereby further amended by striking out the cash wage specified in clause (1) of the third paragraph and inserting in place thereof the following figure:- 6.35

SECTION 9. Said Section 7 of said chapter 151 is hereby further amended by striking out the cash wage specified in clause (1) of the third paragraph and inserting in place thereof the following figure:- \$7.65

SECTION 10. Said Section 7 of said chapter 151 is hereby further amended by striking out the cash wage specified in clause (1) of the third paragraph and inserting in place thereof the following figure:- \$9.00

SECTION 11. Sections 1 and 7 shall take effect January 1, 2019.

SECTION 12. Sections 2 and 8 shall take effect January 1, 2020.

SECTION 13. Sections 3 and 9 shall take effect January 1, 2021.

SECTION 14. Sections 4, 5, and 10 shall take effect January 1, 2022.

SECTION 15. If any provision of this act or application thereof to any person or circumstance is judged invalid, the invalidity shall not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to this end the provisions of this act are declared severable.

Signatories:

Elizabeth A Warren	24 Linnaean Street, Cambridge, MA 02138
Tyrek D Lee Sr.	24 Blue Ledge Terrace, Boston, MA 02131
Heidy Abreu	39 Kamuda Street, Springfield, MA 01151
Martha Mikal Assefa	16 Alden Street, Worcester, MA 01610
Darius Cephas	786 Blue Hill Avenue #201, Boston, MA 02124
Ashley Delva	19 Jones Avenue Unit #1, Boston, MA 02124
Angele L. Errie	44 Laurie Avenue, Boston, MA 02132
Katrina J. Jazayeri	25 ½ Boston Street, Somerville, MA 02143
Maria L. Rodriguez	253 Fernbank Road Apt 6, Springfield, MA 01129
Margaret Sylvester	12 Granite Avenue, New Bedford, MA 02740

Alternates:

Renee M. Ledbetter	119 Rounds Street, New Bedford, MA 02740
Dorothy Lopes	2 Howland Terrace, New Bedford, MA 02740
Deborah L. Frontierro	216 Washington Street, Gloucester, MA
Bethany Ann Fauteux	36 Dewolf Street, New Bedford, MA 02740
Christine E. Lavault	14 Spring Street, Fairhaven, MA 02719

HOUSE No. 2365

The Commonwealth of Massachusetts

PRESENTED BY:

Daniel M. Donahue

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to improve the Commonwealth’s economy with a strong minimum wage and a strong tipped minimum wage.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Daniel M. Donahue</i>	<i>16th Worcester</i>
<i>Brian M. Ashe</i>	<i>2nd Hampden</i>
<i>Cory Atkins</i>	<i>14th Middlesex</i>
<i>Ruth B. Balsler</i>	<i>12th Middlesex</i>
<i>Christine P. Barber</i>	<i>34th Middlesex</i>
<i>Michael J. Barrett</i>	<i>Third Middlesex</i>
<i>Jennifer E. Benson</i>	<i>37th Middlesex</i>
<i>Antonio F. D. Cabral</i>	<i>13th Bristol</i>
<i>Daniel Cahill</i>	<i>10th Essex</i>
<i>Evandro C. Carvalho</i>	<i>5th Suffolk</i>
<i>Gerard Cassidy</i>	<i>9th Plymouth</i>
<i>Sonia Chang-Diaz</i>	<i>Second Suffolk</i>
<i>Nick Collins</i>	<i>4th Suffolk</i>
<i>Mike Connolly</i>	<i>26th Middlesex</i>
<i>Brendan P. Crighton</i>	<i>11th Essex</i>
<i>Claire D. Cronin</i>	<i>11th Plymouth</i>
<i>Daniel Cullinane</i>	<i>12th Suffolk</i>

<i>Josh S. Cutler</i>	<i>6th Plymouth</i>
<i>Julian Cyr</i>	<i>Cape and Islands</i>
<i>Marjorie C. Decker</i>	<i>25th Middlesex</i>
<i>Paul J. Donato</i>	<i>35th Middlesex</i>
<i>William Driscoll</i>	<i>7th Norfolk</i>
<i>Michelle M. DuBois</i>	<i>10th Plymouth</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>
<i>Tricia Farley-Bouvier</i>	<i>3rd Berkshire</i>
<i>Dylan Fernandes</i>	<i>Barnstable, Dukes and Nantucket</i>
<i>Michael J. Finn</i>	<i>6th Hampden</i>
<i>Linda Dorcena Forry</i>	<i>First Suffolk</i>
<i>Sean Garballey</i>	<i>23rd Middlesex</i>
<i>Denise C. Garlick</i>	<i>13th Norfolk</i>
<i>Carmine L. Gentile</i>	<i>13th Middlesex</i>
<i>Solomon Goldstein-Rose</i>	<i>3rd Hampshire</i>
<i>Carlos González</i>	<i>10th Hampden</i>
<i>Stephan Hay</i>	<i>3rd Worcester</i>
<i>Jonathan Hecht</i>	<i>29th Middlesex</i>
<i>Natalie Higgins</i>	<i>4th Worcester</i>
<i>Kate Hogan</i>	<i>3rd Middlesex</i>
<i>Kevin G. Honan</i>	<i>17th Suffolk</i>
<i>Daniel J. Hunt</i>	<i>13th Suffolk</i>
<i>Patricia D. Jehlen</i>	<i>Second Middlesex</i>
<i>Louis L. Kafka</i>	<i>8th Norfolk</i>
<i>Jay R. Kaufman</i>	<i>15th Middlesex</i>
<i>Mary S. Keefe</i>	<i>15th Worcester</i>
<i>Kay Khan</i>	<i>11th Middlesex</i>
<i>Peter V. Kocot</i>	<i>1st Hampshire</i>
<i>Robert M. Koczera</i>	<i>11th Bristol</i>
<i>Stephen Kulik</i>	<i>1st Franklin</i>
<i>John J. Lawn, Jr.</i>	<i>10th Middlesex</i>
<i>Jack Lewis</i>	<i>7th Middlesex</i>
<i>Jason M. Lewis</i>	<i>Fifth Middlesex</i>
<i>David Paul Linsky</i>	<i>5th Middlesex</i>
<i>Barbara A. L'Italien</i>	<i>Second Essex and Middlesex</i>
<i>Jay D. Livingstone</i>	<i>8th Suffolk</i>
<i>Adrian Madaro</i>	<i>1st Suffolk</i>
<i>John J. Mahoney</i>	<i>13th Worcester</i>
<i>Elizabeth A. Malia</i>	<i>11th Suffolk</i>

<i>Paul W. Mark</i>	<i>2nd Berkshire</i>
<i>Juana Matias</i>	<i>16th Essex</i>
<i>Joseph W. McGonagle, Jr.</i>	<i>28th Middlesex</i>
<i>Joan Meschino</i>	<i>3rd Plymouth</i>
<i>James R. Miceli</i>	<i>19th Middlesex</i>
<i>Frank A. Moran</i>	<i>17th Essex</i>
<i>Brian Murray</i>	<i>10th Worcester</i>
<i>James J. O'Day</i>	<i>14th Worcester</i>
<i>Smitty Pignatelli</i>	<i>4th Berkshire</i>
<i>Denise Provost</i>	<i>27th Middlesex</i>
<i>David M. Rogers</i>	<i>24th Middlesex</i>
<i>Byron Rushing</i>	<i>9th Suffolk</i>
<i>Daniel J. Ryan</i>	<i>2nd Suffolk</i>
<i>Alan Silvia</i>	<i>7th Bristol</i>
<i>Frank I. Smizik</i>	<i>15th Norfolk</i>
<i>Thomas M. Stanley</i>	<i>9th Middlesex</i>
<i>José F. Tosado</i>	<i>9th Hampden</i>
<i>Chynah Tyler</i>	<i>7th Suffolk</i>
<i>Steven Ultrino</i>	<i>33rd Middlesex</i>
<i>Chris Walsh</i>	<i>6th Middlesex</i>
<i>Bud Williams</i>	<i>11th Hampden</i>

HOUSE No. 2365

By Mr. Donahue of Worcester, a petition (accompanied by bill, House, No. 2365) of Daniel M. Donahue and others relative to the tipped minimum wage. Labor and Workforce Development.

The Commonwealth of Massachusetts

**In the One Hundred and Ninetieth General Court
(2017-2018)**

An Act to improve the Commonwealth’s economy with a strong minimum wage and a strong tipped minimum wage.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 1 of chapter 151 of the General Laws, as appearing in the 2014
2 Official Edition, is hereby amended by striking, in line 1, the word “It”, and replacing it with the
3 following words:-

4 Notwithstanding the provisions of section 27C of chapter 29 or any other general or
5 special law to the contrary, it

6 SECTION 2. Said section 1 of chapter 151 of the General Laws, is hereby further
7 amended by inserting, in line 1, before the word “employer”, the following words:-

8 public or private

9 SECTION 3. Said section 1 of chapter 151 of the General Laws, is hereby further
10 amended by striking out, in line 5, the figure “11.00” and inserting in place thereof the following
11 figure: -12.00.

12 SECTION 4. Said section 1 of chapter 151 is hereby further amended by inserting, in line
13 5, after the word “hour”, the following words:-

14 as of January 1, 2018; \$13.00 per hour as of January 1, 2019; \$14.00 per hour as of
15 January 1, 2020; and \$15.00 per hour as of January 1, 2021.

16 SECTION 5. Said section 1 of chapter 151 is hereby further amended by inserting, in line
17 10 after the word “nine.”, the following sentences:-

18 On January 1, 2022 and each January 1st thereafter, the minimum wage rate that is
19 currently conclusively presumed to be oppressive and unreasonable under this section shall be
20 increased by the increase, if any, in the cost of living. The increase in the cost of living shall be
21 measured by the percentage increase, if any, as of August of the previous year over the level as
22 of August of the year preceding that of the Consumer Price Index for Urban Wage Earners and
23 Clerical Workers (CPI-W), or its successor index as published by the U.S. Department of Labor
24 or its successor agency, with the amount of the minimum wage increase rounded up to the
25 nearest multiple of five cents.

26 SECTION 6. Chapter 151 is hereby further amended by inserting, after section 2B, the
27 following section:-

28 Section 2C. Notwithstanding section 17 of chapter 15D or any general or special law to
29 the contrary, the department of early education and care shall be deemed the employer of family
30 childcare providers, as defined by section 17(a) of chapter 15D, and family childcare providers
31 shall be deemed employed persons, for purposes of this chapter. Notwithstanding any general or
32 special law to the contrary, the attorney general of the commonwealth shall determine the
33 minimum rates to be paid by the department of early education and care to family childcare

34 providers, and promulgate any regulations necessary for purposes of determining the minimum
35 rates, in order that the rates are substantially equivalent to the minimum wage provisions set
36 forth in section 1 of this chapter.

37 SECTION 7. Section 7 of chapter 151 of the General Laws, is hereby amended by
38 striking the third paragraph and inserting in place thereof the following:-

39 In determining the wage an employer is required to pay a tipped employee, the amount
40 paid to such employee by the employer shall be an amount equal to: (1) the cash wage paid such
41 employee which for purposes of such determination shall be not less than \$5.25; and (2) an
42 additional amount on account of the tips received by such employee which amount is equal to the
43 difference between the wage specified in clause (1) and the wage in effect under section 1. The
44 additional amount on account of tips may not exceed the value of the tips actually received by an
45 employee. This paragraph shall not apply with respect to any tipped employee unless such
46 employee has been informed by the employer of the provisions of this paragraph, and all tips
47 received by such employee have been retained by the employee, except that this paragraph shall
48 not be construed to prohibit the pooling of tips among employees who customarily and regularly
49 receive tips.

50 SECTION 8. Section 7 of chapter 151 of the General Laws, is hereby amended by
51 striking the third paragraph and inserting in place thereof the following:-

52 In determining the wage an employer is required to pay a tipped employee, the amount
53 paid to such employee by the employer shall be an amount equal to: (1) the cash wage paid such
54 employee which for purposes of such determination shall be not less than \$6.75; and (2) an
55 additional amount on account of the tips received by such employee which amount is equal to the

56 difference between the wage specified in clause (1) and the wage in effect under section 1. The
57 additional amount on account of tips may not exceed the value of the tips actually received by an
58 employee. This paragraph shall not apply with respect to any tipped employee unless such
59 employee has been informed by the employer of the provisions of this paragraph, and all tips
60 received by such employee have been retained by the employee, except that this paragraph shall
61 not be construed to prohibit the pooling of tips among employees who customarily and regularly
62 receive tips.

63 SECTION 9. Section 7 of chapter 151 of the General Laws, is hereby amended by
64 striking the third paragraph and inserting in place thereof the following:-

65 In determining the wage an employer is required to pay a tipped employee, the amount
66 paid to such employee by the employer shall be an amount equal to: (1) the cash wage paid such
67 employee which for purposes of such determination shall be not less than \$8.25; and (2) an
68 additional amount on account of the tips received by such employee which amount is equal to the
69 difference between the wage specified in clause (1) and the wage in effect under section 1. The
70 additional amount on account of tips may not exceed the value of the tips actually received by an
71 employee. This paragraph shall not apply with respect to any tipped employee unless such
72 employee has been informed by the employer of the provisions of this paragraph, and all tips
73 received by such employee have been retained by the employee, except that this paragraph shall
74 not be construed to prohibit the pooling of tips among employees who customarily and regularly
75 receive tips.

76 SECTION 10. Section 7 of chapter 151 of the General Laws, is hereby amended by
77 striking the third paragraph and inserting in place thereof the following:-

78 In determining the wage an employer is required to pay a tipped employee, the amount
79 paid to such employee by the employer shall be an amount equal to: (1) the cash wage paid such
80 employee which for purposes of such determination shall be not less than \$9.75; and (2) an
81 additional amount on account of the tips received by such employee which amount is equal to the
82 difference between the wage specified in clause (1) and the wage in effect under section 1. The
83 additional amount on account of tips may not exceed the value of the tips actually received by an
84 employee. This paragraph shall not apply with respect to any tipped employee unless such
85 employee has been informed by the employer of the provisions of this paragraph, and all tips
86 received by such employee have been retained by the employee, except that this paragraph shall
87 not be construed to prohibit the pooling of tips among employees who customarily and regularly
88 receive tips.

89 SECTION 11. Section 7 of chapter 151 of the General Laws, is hereby amended by
90 striking the third paragraph and inserting in place thereof the following:-

91 In determining the wage an employer is required to pay a tipped employee, the amount
92 paid to such employee by the employer shall be an amount equal to: (1) the cash wage paid such
93 employee which for purposes of such determination shall be not less than \$11.25; and (2) an
94 additional amount on account of the tips received by such employee which amount is equal to the
95 difference between the wage specified in clause (1) and the wage in effect under section 1. The
96 additional amount on account of tips may not exceed the value of the tips actually received by an
97 employee. This paragraph shall not apply with respect to any tipped employee unless such
98 employee has been informed by the employer of the provisions of this paragraph, and all tips
99 received by such employee have been retained by the employee, except that this paragraph shall

100 not be construed to prohibit the pooling of tips among employees who customarily and regularly
101 receive tips.

102 SECTION 12. Section 7 of chapter 151 of the General Laws, is hereby amended by
103 striking the third paragraph and inserting in place thereof the following:-

104 In determining the wage an employer is required to pay a tipped employee, the amount
105 paid to such employee by the employer shall be an amount equal to: (1) the cash wage paid such
106 employee which for purposes of such determination shall be not less than \$12.75; and (2) an
107 additional amount on account of the tips received by such employee which amount is equal to the
108 difference between the wage specified in clause (1) and the wage in effect under section 1. The
109 additional amount on account of tips may not exceed the value of the tips actually received by an
110 employee. This paragraph shall not apply with respect to any tipped employee unless such
111 employee has been informed by the employer of the provisions of this paragraph, and all tips
112 received by such employee have been retained by the employee, except that this paragraph shall
113 not be construed to prohibit the pooling of tips among employees who customarily and regularly
114 receive tips.

115 SECTION 13. Section 7 of chapter 151 of the General Laws, is hereby amended by
116 striking the third paragraph and inserting in place thereof the following:-

117 In determining the wage an employer is required to pay a tipped employee, the amount
118 paid to such employee by the employer shall be an amount equal to: (1) the cash wage paid such
119 employee which for purposes of such determination shall be not less than \$14.25; and (2) an
120 additional amount on account of the tips received by such employee which amount is equal to the
121 difference between the wage specified in clause (1) and the wage in effect under section 1. The

122 additional amount on account of tips may not exceed the value of the tips actually received by an
123 employee. This paragraph shall not apply with respect to any tipped employee unless such
124 employee has been informed by the employer of the provisions of this paragraph, and all tips
125 received by such employee have been retained by the employee, except that this paragraph shall
126 not be construed to prohibit the pooling of tips among employees who customarily and regularly
127 receive tips.

128 SECTION 14. Section 7 of chapter 151 of the General Laws, is hereby amended by
129 striking the third paragraph and inserting in place thereof the following:-

130 In determining the wage an employer is required to pay a tipped employee, the amount
131 paid to such employee by the employer shall be an amount equal to: (1) the cash wage paid such
132 employee which for purposes of such determination shall be not less than \$15.75; and (2) an
133 additional amount on account of the tips received by such employee which amount is equal to the
134 difference between the wage specified in clause (1) and the wage in effect under section 1. The
135 additional amount on account of tips may not exceed the value of the tips actually received by an
136 employee. This paragraph shall not apply with respect to any tipped employee unless such
137 employee has been informed by the employer of the provisions of this paragraph, and all tips
138 received by such employee have been retained by the employee, except that this paragraph shall
139 not be construed to prohibit the pooling of tips among employees who customarily and regularly
140 receive tips.

141 SECTION 15. Section 7 of chapter 151 of the General Laws, is hereby amended by
142 striking the third paragraph and inserting in place thereof the following:-

143 In determining the wage an employer is required to pay a tipped employee, the amount
144 paid to such employee by the employer shall be an amount equal to not less than the wage in
145 effect under section 1.

146 SECTION 16. Sections 1, 2, 3, 4, 5, 6 and 7 shall take effect on January 1, 2018.

147 SECTION 17. Section 8 shall take effect on January 1, 2019.

148 SECTION 18. Section 9 shall take effect on January 1, 2020.

149 SECTION 19. Section 10 shall take effect on January 1, 2021.

150 SECTION 20. Section 11 shall take effect on January 1, 2022.

151 SECTION 21. Section 12 shall take effect on January 1, 2023.

152 SECTION 22. Section 13 shall take effect on January 1, 2024.

153 SECTION 23. Section 14 shall take effect on January 1, 2025.

154 SECTION 24. Section 15 shall take effect on January 1, 2026.

SENATE No. 1004

The Commonwealth of Massachusetts

PRESENTED BY:

Kenneth J. Donnelly

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to improve the Commonwealth’s economy with a strong minimum wage and a strong tipped minimum wage.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	
<i>Kenneth J. Donnelly</i>	<i>Fourth Middlesex</i>	
<i>James R. Miceli</i>	<i>19th Middlesex</i>	<i>1/26/2017</i>
<i>Jack Lewis</i>	<i>7th Middlesex</i>	<i>1/26/2017</i>
<i>Sal N. DiDomenico</i>	<i>Middlesex and Suffolk</i>	<i>1/26/2017</i>
<i>Michael J. Barrett</i>	<i>Third Middlesex</i>	<i>1/26/2017</i>
<i>Michael D. Brady</i>	<i>Second Plymouth and Bristol</i>	<i>1/26/2017</i>
<i>Marjorie C. Decker</i>	<i>25th Middlesex</i>	<i>1/26/2017</i>
<i>Jason M. Lewis</i>	<i>Fifth Middlesex</i>	<i>1/26/2017</i>
<i>Carmine L. Gentile</i>	<i>13th Middlesex</i>	<i>1/26/2017</i>
<i>Thomas M. McGee</i>	<i>Third Essex</i>	<i>1/26/2017</i>
<i>Byron Rushing</i>	<i>9th Suffolk</i>	<i>1/26/2017</i>
<i>Barbara A. L'Italien</i>	<i>Second Essex and Middlesex</i>	<i>1/26/2017</i>
<i>Steven Ultrino</i>	<i>33rd Middlesex</i>	<i>1/26/2017</i>
<i>José F. Tosado</i>	<i>9th Hampden</i>	<i>1/26/2017</i>
<i>William N. Brownsberger</i>	<i>Second Suffolk and Middlesex</i>	<i>1/26/2017</i>
<i>Mark C. Montigny</i>	<i>Second Bristol and Plymouth</i>	<i>1/26/2017</i>
<i>Evandro C. Carvalho</i>	<i>5th Suffolk</i>	<i>1/26/2017</i>

<i>Thomas M. Stanley</i>	<i>9th Middlesex</i>	<i>1/26/2017</i>
<i>Cynthia S. Creem</i>	<i>First Middlesex and Norfolk</i>	<i>1/27/2017</i>
<i>Patricia D. Jehlen</i>	<i>Second Middlesex</i>	<i>1/27/2017</i>
<i>John J. Lawn, Jr.</i>	<i>10th Middlesex</i>	<i>1/27/2017</i>
<i>Daniel J. Ryan</i>	<i>2nd Suffolk</i>	<i>1/30/2017</i>
<i>Denise Provost</i>	<i>27th Middlesex</i>	<i>1/30/2017</i>
<i>Harriette L. Chandler</i>	<i>First Worcester</i>	<i>1/30/2017</i>
<i>Thomas J. Calter</i>	<i>12th Plymouth</i>	<i>1/31/2017</i>
<i>Jay R. Kaufman</i>	<i>15th Middlesex</i>	<i>1/31/2017</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>	<i>1/31/2017</i>
<i>Kay Khan</i>	<i>11th Middlesex</i>	<i>1/31/2017</i>
<i>John F. Keenan</i>	<i>Norfolk and Plymouth</i>	<i>2/1/2017</i>
<i>Mike Connolly</i>	<i>26th Middlesex</i>	<i>2/1/2017</i>
<i>Juana Matias</i>	<i>16th Essex</i>	<i>2/1/2017</i>
<i>Walter F. Timilty</i>	<i>Norfolk, Bristol and Plymouth</i>	<i>2/2/2017</i>
<i>Tricia Farley-Bouvier</i>	<i>3rd Berkshire</i>	<i>2/2/2017</i>
<i>Mary S. Keefe</i>	<i>15th Worcester</i>	<i>2/2/2017</i>
<i>Sonia Chang-Diaz</i>	<i>Second Suffolk</i>	<i>2/2/2017</i>
<i>Adam G. Hinds</i>	<i>Berkshire, Hampshire, Franklin and Hampden</i>	<i>2/2/2017</i>
<i>Julian Cyr</i>	<i>Cape and Islands</i>	<i>2/3/2017</i>
<i>Michael O. Moore</i>	<i>Second Worcester</i>	<i>2/3/2017</i>
<i>Linda Dorcena Forry</i>	<i>First Suffolk</i>	<i>2/3/2017</i>
<i>James T. Welch</i>	<i>Hampden</i>	<i>2/3/2017</i>
<i>Eric P. Lesser</i>	<i>First Hampden and Hampshire</i>	<i>2/3/2017</i>
<i>Brian Murray</i>	<i>10th Worcester</i>	<i>2/3/2017</i>
<i>Elizabeth A. Malia</i>	<i>11th Suffolk</i>	<i>2/3/2017</i>
<i>Michelle M. DuBois</i>	<i>10th Plymouth</i>	<i>2/3/2017</i>
<i>David M. Rogers</i>	<i>24th Middlesex</i>	<i>2/3/2017</i>
<i>Chris Walsh</i>	<i>6th Middlesex</i>	<i>2/3/2017</i>

SENATE No. 1004

By Mr. Donnelly, a petition (accompanied by bill, Senate, No. 1004) of Kenneth J. Donnelly, James R. Miceli, Jack Lewis, Sal N. DiDomenico and other members of the General Court for legislation to improve the Commonwealth’s economy with a strong minimum wage and a strong tipped minimum wage. Labor and Workforce Development.

The Commonwealth of Massachusetts

**In the One Hundred and Ninetieth General Court
(2017-2018)**

An Act to improve the Commonwealth’s economy with a strong minimum wage and a strong tipped minimum wage.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 1 of chapter 151 of the General Laws, as appearing in the 2014
2 Official Edition, is hereby amended by striking out the word “It”, in line 27, and inserting in
3 place thereof the following words:- Notwithstanding the provisions of section 27C of chapter 29
4 or any other general or special law to the contrary, it.

5 SECTION 2. Said section 1 of said chapter 151, as so appearing, is hereby further
6 amended by inserting before the word “employer”, in line 28, the following words:- public or
7 private.

8 SECTION 3. Said section 1 of said chapter 151, as so appearing, is hereby further
9 amended by striking out the figure “11.00”, in line 32, and inserting in place thereof the
10 following figure:- 12.00.

11 SECTION 4. Said section 1 of said chapter 151, as so appearing, is hereby further
12 amended by inserting after the word “hour”, in line 32, the following words:- as of January 1,
13 2018; \$13.00 per hour as of January 1, 2019; \$14.00 per hour as of January 1, 2020; and \$15.00
14 per hour as of January 1, 2021.

15 SECTION 5. Said section 1 of said chapter 151, as so appearing, is hereby further
16 amended by inserting after the word “nine.”, in line 37, the following sentences:-

17 On January 1, 2022, and each January 1st thereafter, the minimum wage rate that is
18 currently conclusively presumed to be oppressive and unreasonable under this section shall be
19 increased by the increase, if any, in the cost of living. The increase in the cost of living shall be
20 measured by the percentage increase, if any, as of August of the previous year over the level as
21 of August of the year preceding that of the Consumer Price Index for Urban Wage Earners and
22 Clerical Workers (CPI-W), or its successor index as published by the U.S. Department of Labor
23 or its successor agency, with the amount of the minimum wage increase rounded up to the
24 nearest multiple of 5 cents.

25 SECTION 6. Said chapter 151 is hereby further amended by inserting after section 2B the
26 following section:-

27 Section 2C. Notwithstanding section 17 of chapter 15D or any general or special law to
28 the contrary, the department of early education and care shall be deemed the employer of family
29 childcare providers, as defined by section 17(a) of chapter 15D, and family childcare providers
30 shall be deemed employed persons, for purposes of this chapter. Notwithstanding any general or
31 special law to the contrary, the attorney general of the commonwealth shall determine the
32 minimum rates to be paid by the department of early education and care to family childcare

33 providers, and promulgate any regulations necessary for purposes of determining the minimum
34 rates, in order that the rates are substantially equivalent to the minimum wage provisions set
35 forth in section 1 of this chapter.

36 SECTION 7. Section 7 of said chapter 151, as so appearing, is hereby amended by
37 striking the third paragraph and inserting in place thereof the following paragraph:-

38 In determining the wage an employer is required to pay a tipped employee, the amount
39 paid to such employee by the employer shall be an amount equal to: (1) the cash wage paid such
40 employee which for purposes of such determination shall be not less than \$5.25; and (2) an
41 additional amount on account of the tips received by such employee which amount is equal to the
42 difference between the wage specified in clause (1) and the wage in effect under section 1. The
43 additional amount on account of tips may not exceed the value of the tips actually received by an
44 employee. This paragraph shall not apply with respect to any tipped employee unless such
45 employee has been informed by the employer of the provisions of this paragraph, and all tips
46 received by such employee have been retained by the employee, except that this paragraph shall
47 not be construed to prohibit the pooling of tips among employees who customarily and regularly
48 receive tips.

49 SECTION 8. Said section 7 of said chapter 151, as so appearing, is hereby amended by
50 striking the third paragraph and inserting in place thereof the following paragraph:-

51 In determining the wage an employer is required to pay a tipped employee, the amount
52 paid to such employee by the employer shall be an amount equal to: (1) the cash wage paid such
53 employee which for purposes of such determination shall be not less than \$6.75; and (2) an
54 additional amount on account of the tips received by such employee which amount is equal to the

55 difference between the wage specified in clause (1) and the wage in effect under section 1. The
56 additional amount on account of tips may not exceed the value of the tips actually received by an
57 employee. This paragraph shall not apply with respect to any tipped employee unless such
58 employee has been informed by the employer of the provisions of this paragraph, and all tips
59 received by such employee have been retained by the employee, except that this paragraph shall
60 not be construed to prohibit the pooling of tips among employees who customarily and regularly
61 receive tips.

62 SECTION 9. Said section 7 of said chapter 151, as so appearing, is hereby amended by
63 striking the third paragraph and inserting in place thereof the following paragraph:-

64 In determining the wage an employer is required to pay a tipped employee, the amount
65 paid to such employee by the employer shall be an amount equal to: (1) the cash wage paid such
66 employee which for purposes of such determination shall be not less than \$8.25; and (2) an
67 additional amount on account of the tips received by such employee which amount is equal to the
68 difference between the wage specified in clause (1) and the wage in effect under section 1. The
69 additional amount on account of tips may not exceed the value of the tips actually received by an
70 employee. This paragraph shall not apply with respect to any tipped employee unless such
71 employee has been informed by the employer of the provisions of this paragraph, and all tips
72 received by such employee have been retained by the employee, except that this paragraph shall
73 not be construed to prohibit the pooling of tips among employees who customarily and regularly
74 receive tips.

75 SECTION 10. Said section 7 of said chapter 151, as so appearing, is hereby amended by
76 striking the third paragraph and inserting in place thereof the following paragraph:-

77 In determining the wage an employer is required to pay a tipped employee, the amount
78 paid to such employee by the employer shall be an amount equal to: (1) the cash wage paid such
79 employee which for purposes of such determination shall be not less than \$9.75; and (2) an
80 additional amount on account of the tips received by such employee which amount is equal to the
81 difference between the wage specified in clause (1) and the wage in effect under section 1. The
82 additional amount on account of tips may not exceed the value of the tips actually received by an
83 employee. This paragraph shall not apply with respect to any tipped employee unless such
84 employee has been informed by the employer of the provisions of this paragraph, and all tips
85 received by such employee have been retained by the employee, except that this paragraph shall
86 not be construed to prohibit the pooling of tips among employees who customarily and regularly
87 receive tips.

88 SECTION 11. Said section 7 of said chapter 151, as so appearing, is hereby amended by
89 striking the third paragraph and inserting in place thereof the following paragraph:-

90 In determining the wage an employer is required to pay a tipped employee, the amount
91 paid to such employee by the employer shall be an amount equal to: (1) the cash wage paid such
92 employee which for purposes of such determination shall be not less than \$11.25; and (2) an
93 additional amount on account of the tips received by such employee which amount is equal to the
94 difference between the wage specified in clause (1) and the wage in effect under section 1. The
95 additional amount on account of tips may not exceed the value of the tips actually received by an
96 employee. This paragraph shall not apply with respect to any tipped employee unless such
97 employee has been informed by the employer of the provisions of this paragraph, and all tips
98 received by such employee have been retained by the employee, except that this paragraph shall

99 not be construed to prohibit the pooling of tips among employees who customarily and regularly
100 receive tips.

101 SECTION 12. Said section 7 of said chapter 151, as so appearing, is hereby amended by
102 striking the third paragraph and inserting in place thereof the following paragraph:-

103 In determining the wage an employer is required to pay a tipped employee, the amount
104 paid to such employee by the employer shall be an amount equal to: (1) the cash wage paid such
105 employee which for purposes of such determination shall be not less than \$12.75; and (2) an
106 additional amount on account of the tips received by such employee which amount is equal to the
107 difference between the wage specified in clause (1) and the wage in effect under section 1. The
108 additional amount on account of tips may not exceed the value of the tips actually received by an
109 employee. This paragraph shall not apply with respect to any tipped employee unless such
110 employee has been informed by the employer of the provisions of this paragraph, and all tips
111 received by such employee have been retained by the employee, except that this paragraph shall
112 not be construed to prohibit the pooling of tips among employees who customarily and regularly
113 receive tips.

114 SECTION 13. Said section 7 of said chapter 151, as so appearing, is hereby amended by
115 striking the third paragraph and inserting in place thereof the following paragraph:-

116 In determining the wage an employer is required to pay a tipped employee, the amount
117 paid to such employee by the employer shall be an amount equal to: (1) the cash wage paid such
118 employee which for purposes of such determination shall be not less than \$14.25; and (2) an
119 additional amount on account of the tips received by such employee which amount is equal to the
120 difference between the wage specified in clause (1) and the wage in effect under section 1. The

121 additional amount on account of tips may not exceed the value of the tips actually received by an
122 employee. This paragraph shall not apply with respect to any tipped employee unless such
123 employee has been informed by the employer of the provisions of this paragraph, and all tips
124 received by such employee have been retained by the employee, except that this paragraph shall
125 not be construed to prohibit the pooling of tips among employees who customarily and regularly
126 receive tips.

127 SECTION 14. Said section 7 of said chapter 151, as so appearing, is hereby amended by
128 striking the third paragraph and inserting in place thereof the following paragraph:-

129 In determining the wage an employer is required to pay a tipped employee, the amount
130 paid to such employee by the employer shall be an amount equal to: (1) the cash wage paid such
131 employee which for purposes of such determination shall be not less than \$15.75; and (2) an
132 additional amount on account of the tips received by such employee which amount is equal to the
133 difference between the wage specified in clause (1) and the wage in effect under section 1. The
134 additional amount on account of tips may not exceed the value of the tips actually received by an
135 employee. This paragraph shall not apply with respect to any tipped employee unless such
136 employee has been informed by the employer of the provisions of this paragraph, and all tips
137 received by such employee have been retained by the employee, except that this paragraph shall
138 not be construed to prohibit the pooling of tips among employees who customarily and regularly
139 receive tips.

140 SECTION 15. Said section 7 of said chapter 151, as so appearing, is hereby amended by
141 striking the third paragraph and inserting in place thereof the following paragraph:-

142 In determining the wage an employer is required to pay a tipped employee, the amount
143 paid to such employee by the employer shall be an amount equal to not less than the wage in
144 effect under section 1.

145 SECTION 16. Sections 1, 2, 3, 4, 5, 6 and 7 shall take effect on January 1, 2018.

146 SECTION 17. Section 8 shall take effect on January 1, 2019.

147 SECTION 18. Section 9 shall take effect on January 1, 2020.

148 SECTION 19. Section 10 shall take effect on January 1, 2021.

149 SECTION 20. Section 11 shall take effect on January 1, 2022.

150 SECTION 21. Section 12 shall take effect on January 1, 2023.

151 SECTION 22. Section 13 shall take effect on January 1, 2024.

152 SECTION 23. Section 14 shall take effect on January 1, 2025.

153 SECTION 24. Section 15 shall take effect on January 1, 2026.

HB 115-FN - AS INTRODUCED

2017 SESSION

17-0001

06/01

HOUSE BILL ***115-FN***

AN ACT establishing a state minimum wage and providing for adjustments to the minimum wage.

SPONSORS: Rep. D. Ley, Ches. 9; Rep. H. Moffett, Merr. 9; Rep. Pearson, Ches. 16; Rep. Cilley, Straf. 4; Rep. Horrigan, Straf. 6; Rep. Berch, Ches. 1

COMMITTEE: Labor, Industrial and Rehabilitative Services

ANALYSIS

This bill establishes a state minimum hourly wage and provides for annual readjustment of the minimum wage.

This bill also establishes a training wage for employees under the age of 18 years.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears ~~[in brackets and struck through.]~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Seventeen

AN ACT establishing a state minimum wage and providing for adjustments to the minimum wage.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Minimum Hourly Rate. Amend the introductory paragraph of RSA 279:21 to read as follows:
2 279:21 Minimum Hourly Rate. Unless otherwise provided by statute, no person[~~, firm, or~~
3 ~~corporation~~] shall employ any employee at an hourly rate lower than **\$9.50 or** that set forth in the
4 federal minimum wage law, as amended, ***whichever is higher***.

5 Tipped employees of a restaurant, hotel, motel, inn or cabin, or ballroom who customarily and
6 regularly receive more than \$30 a month in tips directly from the customers will receive a base rate
7 from the employer of not less than [45] **60** percent of the applicable minimum wage. If an employee
8 shows to the satisfaction of the commissioner that the actual amount of wages received at the end of
9 each pay period did not equal the minimum wage for all hours worked, the employer shall pay the
10 employee the difference to guarantee the applicable minimum wage. The limitations imposed
11 hereby shall be subject to the following exceptions:

12 2 New Paragraph; Minimum Hourly Rate; Training Wage. Amend RSA 279:21 by inserting
13 after paragraph VIII the following new paragraph:

14 IX. A training hourly rate which shall be one dollar per hour less than the full minimum
15 wage but no lower than \$8.50 may be paid to those newly-hired employees who are 16 or 17 years
16 old for the first 3 months of employment by a specific employer. After 3 calendar months of
17 employment with such employer, or upon reaching the age of 18, such employee shall receive the
18 full minimum wage.

19 3 Minimum Hourly Rate The introductory paragraph of RSA 279:21 is repealed and reenacted
20 to read as follows:

21 279:21 Minimum Hourly Rate. Unless otherwise provided by statute, no person shall employ
22 any employee at an hourly rate lower than \$12 or that set forth in the federal minimum wage law,
23 as amended, whichever is higher.

24 Tipped employees of a restaurant, hotel, motel, inn or cabin, or ballroom who customarily and
25 regularly receive more than \$30 a month in tips directly from the customers will receive a base rate
26 from the employer of not less than 60 percent of the applicable minimum wage. If an employee
27 shows to the satisfaction of the commissioner that the actual amount of wages received at the end of
28 each pay period did not equal the minimum wage for all hours worked, the employer shall pay the
29 employee the difference to guarantee the applicable minimum wage. The limitations imposed
30 hereby shall be subject to the following exceptions:

HB 115-FN - AS INTRODUCED

- Page 2 -

1 4 Minimum Hourly Rate; Annual Adjustment. The introductory paragraph of RSA 279:21 is
2 repealed and reenacted to read as follows:

3 279:21 Minimum Hourly Rate. Unless otherwise provided by statute, no person shall employ
4 any employee at an hourly rate lower than \$12 or that set forth in the federal minimum wage law,
5 as amended, whichever is higher. The minimum hourly rate shall be adjusted on January 1, 2020
6 and on January 1 of successive years by the increase in the cost of living according to the Northeast
7 Consumer Price Index as determined by the Bureau of Labor Statistics. No decrease in the
8 minimum hourly rate shall be permitted.

9 Tipped employees of a restaurant, hotel, motel, inn or cabin, or ballroom who customarily and
10 regularly receive more than \$30 a month in tips directly from the customers will receive a base rate
11 from the employer of not less than 60 percent of the applicable minimum wage. If an employee
12 shows to the satisfaction of the commissioner that the actual amount of wages received at the end of
13 each pay period did not equal the minimum wage for all hours worked, the employer shall pay the
14 employee the difference to guarantee the applicable minimum wage. The limitations imposed
15 hereby shall be subject to the following exceptions:

16 5 Effective Date.

17 I. Section 3 of this act shall take effect January 1, 2019.

18 II. Section 4 of this act shall take effect January 1, 2020.

19 III. The remainder of this act shall take effect January 1, 2018.

**HB 115-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT establishing a state minimum wage and providing for adjustments to the minimum wage.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2018	FY 2019	FY 2020	FY 2021
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	\$0	\$0	\$0
Expenditures	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Funding Source:	<input checked="" type="checkbox"/> General	<input type="checkbox"/> Education	<input checked="" type="checkbox"/> Highway	<input checked="" type="checkbox"/> Multiple Sources

COUNTY:

Revenue	\$0	\$0	\$0	\$0
Expenditures	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase	Interminable Increase

LOCAL:

Revenue	\$0	\$0	\$0	\$0
Expenditures	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase

METHODOLOGY:

This bill as introduced increases the minimum hourly wage from \$7.25 an hour to \$9.50 per hour on January 1, 2018, to \$12.00 per hour on January 1, 2019, and on January 1, 2020 and each year thereafter, by the increase in the cost of living according to the Northeast Consumer Price Index as determined by the Bureau of Labor Statistics.

The Department of Administrative Services states this bill will have no impact in FY 2018 because \$9.50 is less than the lowest hourly rate paid to state employees. For FY 2019 the Department assumes there are 115 full time and 415 part time employees earning an average wage of \$10.57 an hour, which will increase to \$12 per hour effective January 1, 2019. For FY 2020 and FY 2021 the Department projects a 1% growth rate per year. Including increased employer contributions to FICA, Medicare and Retirement, the Department projects the following costs per fiscal year across multiple funding sources:

FY 2018	FY 2019	FY 2020	FY2021
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\$0	\$561,782	\$1,129,182	\$1,140,474

The New Hampshire Association of Counties states the impact of the bill can't be determined at this time but there would be increased cost to Social Security and Retirement as well as possible increased wages for the large majority of their workforce currently earning above the minimum wage.

The New Hampshire Municipal Association states without checking with all 234 municipalities, it is impossible to know how many employees would be affected or what the amounts of increases would be. Based on the available information, the impact on municipal expenditures would be minimal. There should be no effect on municipal revenues.

This bill makes changes to the minimum wage law contained in RSA 179 which may result in an increase in penalty actions contained in RSA 179:28. As a result this bill may have an impact on the New Hampshire judicial and correctional systems. There is no method to determine how many charges would be brought as a result of the changes contained in this bill to determine the fiscal impact on expenditures. However, the entities impacted have provided the potential costs associated with these penalties below.

Judicial Branch	FY 2018	FY 2019
Class B Misdemeanor	\$49	\$50
Class A Misdemeanor	\$71	\$72
Routine Criminal Felony Case	\$451	\$456
Appeals	Varies	Varies
It should be noted average case cost estimates for FY 2018 and FY 2019 are based on data that is more than ten years old and does not reflect changes to the courts over that same period of time or the impact these changes may have on processing the various case types. An unspecified misdemeanor can be either class A or class B, with the presumption being a class B misdemeanor.		
Judicial Council		
Public Defender Program	Has contract with State to provide services.	Has contract with State to provide services.
Contract Attorney – Felony	\$756/Case	\$756/Case
Contract Attorney – Misdemeanor	\$275/Case	\$275/Case*
Assigned Counsel – Felony	\$60/Hour up to \$4,100	\$60/Hour up to \$4,100
Assigned Counsel – Misdemeanor	\$60/Hour up to \$1,400	\$60/Hour up to \$1,400
It should be noted that a person needs to be found indigent and have the potential of being incarcerated to be eligible for indigent defense services. The majority of indigent cases (approximately 85%) are handled		

by the public defender program, with the remaining cases going to contract attorneys (14%) or assigned counsel (1%).

** The Council's budget request for the FY 2018-19 biennium includes an increase to \$300 per case for contract attorney misdemeanor cases.*

Department of Corrections		
FY 2016 Average Cost of Incarcerating an Individual	\$35,832	\$35,832
FY 2016 Average Cost of Supervising an Individual on Parole/Probation	\$573	\$573
NH Association of Counties		
County Prosecution Costs	Indeterminable	Indeterminable
Estimated Average Daily Cost of Incarcerating an Individual	\$85 to \$110	\$85 to \$110

Many offenses are prosecuted by local and county prosecutors. When the Department of Justice has prosecutorial responsibility or is involved in an appeal, the Department would likely absorb the cost within its existing budget. If the Department needs to prosecute significantly more cases or handle more appeals, then costs may increase by an indeterminable amount.

AGENCIES CONTACTED:

The Department of Administrative Services, Judicial Branch, New Hampshire Association of Counties and New Hampshire Municipal Association

SB 83-FN-LOCAL - AS INTRODUCED

2017 SESSION

17-0849

06/10

SENATE BILL ***83-FN-LOCAL***

AN ACT relative to the state minimum wage.

SPONSORS: Sen. Soucy, Dist 18; Sen. Woodburn, Dist 1; Sen. D'Allesandro, Dist 20; Sen. Fuller Clark, Dist 21; Sen. Lasky, Dist 13; Sen. Watters, Dist 4; Sen. Hennessey, Dist 5; Sen. Kahn, Dist 10; Sen. Feltes, Dist 15

COMMITTEE: Commerce

ANALYSIS

This bill establishes a state minimum wage.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears ~~[in brackets and struckthrough.]~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Seventeen

AN ACT relative to the state minimum wage.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Minimum Hourly Rate; 2017. Amend the introductory paragraph of RSA 276:21 to read as
2 follows:

3 279:21 Minimum Hourly Rate. Unless otherwise provided by statute, no person[~~, firm, or~~
4 ~~corporation~~] shall employ any employee at an hourly rate lower than **\$8.50 or** that set forth in the
5 federal minimum wage law, as amended. Tipped employees of a restaurant, hotel, motel, inn or
6 cabin, or ballroom who customarily and regularly receive more than \$30 a month in tips directly
7 from the customers will receive a base rate from the employer of not less than 45 percent of the
8 applicable minimum wage. If an employee shows to the satisfaction of the commissioner that the
9 actual amount of wages received at the end of each pay period did not equal the minimum wage for
10 all hours worked, the employer shall pay the employee the difference to guarantee the applicable
11 minimum wage. The limitations imposed hereby shall be subject to the following exceptions:

12 2 Minimum Hourly Rate; March 1, 2018 Version. The introductory paragraph of RSA 279:21 is
13 repealed and reenacted to read as follows:

14 279:21 Minimum Hourly Rate. Unless otherwise provided by statute, no person shall employ
15 any employee at an hourly rate lower than \$10.00 or that set forth in the federal minimum wage
16 law, as amended. Tipped employees of a restaurant, hotel, motel, inn or cabin, or ballroom who
17 customarily and regularly receive more than \$30 a month in tips directly from the customers will
18 receive a base rate from the employer of not less than 45 percent of the applicable minimum wage.
19 If an employee shows to the satisfaction of the commissioner that the actual amount of wages
20 received at the end of each pay period did not equal the minimum wage for all hours worked, the
21 employer shall pay the employee the difference to guarantee the applicable minimum wage. The
22 limitations imposed hereby shall be subject to the following exceptions:

23 3 Minimum Hourly Rate; September 1, 2018 Rate. The introductory paragraph of RSA 279:21
24 is repealed and reenacted to read as follows:

25 279:21 Minimum Hourly Rate. Unless otherwise provided by statute, no person shall employ
26 any employee at an hourly rate lower than \$12.00 or that set forth in the federal minimum wage
27 law, as amended. Tipped employees of a restaurant, hotel, motel, inn or cabin, or ballroom who
28 customarily and regularly receive more than \$30 a month in tips directly from the customers will
29 receive a base rate from the employer of not less than 45 percent of the applicable minimum wage.
30 If an employee shows to the satisfaction of the commissioner that the actual amount of wages
31 received at the end of each pay period did not equal the minimum wage for all hours worked, the

SB 83-FN-LOCAL - AS INTRODUCED
- Page 2 -

1 employer shall pay the employee the difference to guarantee the applicable minimum wage. The
2 limitations imposed hereby shall be subject to the following exceptions:

3 4 Effective Date.

4 I. Section 2 of this act shall take effect March 1, 2018.

5 II. Section 3 of this act shall take effect September 1, 2018.

6 III. The remainder of this act shall take effect September 1, 2017.

**SB 83-FN-LOCAL- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to the state minimum wage.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2018	FY 2019	FY 2020	FY 2021
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	\$0	\$0	\$0
Expenditures	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Funding Source:	<input checked="" type="checkbox"/> General	<input type="checkbox"/> Education	<input checked="" type="checkbox"/> Highway	<input checked="" type="checkbox"/> Other

COUNTY:

Revenue	\$0	\$0	\$0	\$0
Expenditures	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase

LOCAL:

Revenue	\$0	\$0	\$0	\$0
Expenditures	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase

METHODOLOGY:

This bill increases the minimum hourly wage from \$7.25 an hour to \$8.50 per hour on September 1, 2017, to \$10.00 per hour on March 1, 2018, and to \$12.00 an hour on September 1, 2018. The Department of Administrative Services compared the proposed minimum hourly wage rates to the lowest pay grade in the State classified pay schedule (Labor Grade 1, step 1 = \$10.57 per hour). The proposed minimum hourly wage increase to \$8.50 on September 1, 2017 and \$10.00 in March 1, 2018 would not impact the State since these rates are lower than \$10.57 per hour. The Department determined that there are 115 full-time and 415 part-time employees currently earning less than \$12.00 per hour. The Department is not able to determine the fiscal impact of the proposed increase to \$12.00 on September 1, 2018 because:

- The distribution of salaries below \$12.00 per hour is not readily available; some employees may earn the minimum while others earn closer to \$12.00.
- The Department notes any cost of living increases negotiated through collective bargaining would lessen the difference between the minimum wage in statute and the lowest classified pay grade.

The potential impact to the Judicial Branch would come from the existing RSA 279:28, II, which makes it a misdemeanor for a natural person and a felony for any other person to pay or agree to pay an employee less than the applicable state minimum wage. The Branch does not have information on the potential number of additional misdemeanor or felony prosecutions that may result from the bill, but provided information on the average costs to process such cases in the trial courts below.

Judicial Branch	FY 2018	FY 2019
Class B Misdemeanor	\$49	\$50
Class A Misdemeanor	\$71	\$72
Routine Criminal Felony Case	\$451	\$456
Appeals	Varies	Varies
It should be noted average case cost estimates for FY 2018 and FY 2019 are based on data that is more than ten years old and does not reflect changes to the courts over that same period of time or the impact these changes may have on processing the various case types. An unspecified misdemeanor can be either class A or class B, with the presumption being a class B misdemeanor.		

The New Hampshire Municipal Association states, without contacting the 234 municipalities, it does not have information on the number of employees that would be effected or what the amounts of increases would be, but the Association believes the impact on municipal expenditures would be minimal.

The New Hampshire Association of Counties indicates the bill could have an indeterminable impact on county expenditures.

AGENCIES CONTACTED:

Department of Administrative Services, Judicial Branch, New Hampshire Association of Counties and New Hampshire Municipal Association

