AN ACT Relating to increasing the minimum hourly wage to twelve dollars over four years, without creating new exemptions; amending RCW 49.46.020; and providing an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 49.46.020 and 1999 c 1 s 1 are each amended to read as follows:

(1) Until January 1, 1999, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than four dollars and ninety cents per hour.

(2) Beginning January 1, 1999, and until January 1, 2000, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than five dollars and seventy cents per hour.

(3) Beginning January 1, 2000, and until January 1, 2001, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than six dollars and fifty cents per hour.

(4) a) Beginning January 1, 2016, and until January 1, 2017, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than ten dollars per hour.
(b) Beginning January 1, 2017, and until January 1, 2018, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than ten dollars and fifty cents per hour.

(c) Beginning January 1, 2018, and until January 1, 2019, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than eleven dollars per hour.

(d) Beginning January 1, 2019, and until January 1, 2020, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than twelve dollars per hour.

(2) (a) Beginning January 1, 2020, and each following January 1st as set forth under (b) of this subsection, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than the amount established under (b) of this subsection.

(b) On September 30, 2019, and on each following September 30th, the department of labor and industries shall calculate an adjusted minimum wage rate to maintain employee purchasing power by increasing the current year's minimum wage rate by the rate of inflation. The adjusted minimum wage rate shall be calculated to the nearest cent using the consumer price index for urban wage earners and clerical workers, CPI-W, or a successor index, for the twelve months prior to each September 1st as calculated by the United States department of labor. Each adjusted minimum wage rate calculated under this subsection takes effect on the following January 1st.

(3) The director shall by rule establish the minimum wage for employees under the age of eighteen years.

NEW SECTION. Sec. 2. This act takes effect January 1, 2016.

--- END ---
SCOPE AND OBJECT 03/03/2015

On page 2, after line 30, insert the following:

"NEW SECTION. Sec. 2. A new section is added to chapter 49.46 RCW to read as follows:

(1) Employers may pay employees under the age of eighteen either the federal minimum hourly wage rate established in section 206, subsection (a)(1) of the federal fair labor standards act, or no less than the state minimum hourly wage rate established in section 1 of this act.

(2) A public employer that is subject to a collective bargaining agreement may not allow any dues, fees, assessments, or charges to be deducted under a union security provision from the pay of any employee who is receiving a wage rate equal to the federal minimum wage. The employee must receive the same representation and benefits under the collective bargaining agreement as other employees who are members of the employee organization.

NEW SECTION. Sec. 3. A new section is added to chapter 41.56 RCW to read as follows:

An employee organization may not deduct any dues, fees, assessments, or charges under a union security provision from the pay of an employee who is being paid a wage rate equal to the federal minimum wage. The employee must receive the same representation and benefits under the collective bargaining agreement as other employees who are members of the employee organization.

NEW SECTION. Sec. 4. A new section is added to chapter 41.80 RCW to read as follows:
An employee organization may not deduct any dues, fees, assessments, or charges under a union security provision from the pay of an employee who is being paid a wage rate equal to the federal minimum wage. The employee must receive the same representation and benefits under the collective bargaining agreement as other employees who are members of the employee organization."

Renumber the remaining section and correct the title.

EFFECT: Provides that: (1) employers may pay employees under the age of 18 either the federal minimum hourly wage or no less than the state minimum hourly wage; and (2) a public employer may not allow the deduction of any dues or fees under a union security provision from the pay of a minor employee receiving the federal minimum wage, and the employee must receive the same representation and benefits under the collective bargaining agreement as other employee members.

--- END ---
On page 2, line 29, after "(3)" insert "(a) The minimum hourly wage rate applicable to individuals employed in agricultural labor shall be the minimum hourly wage rate that is in effect as of December 31, 2015, and must be adjusted as required by (b) of this subsection.

(b) On September 30, 2017, and on each following September 30th, the department of labor and industries shall calculate an adjusted minimum wage rate for individuals employed in agricultural labor, as required in (a) of this subsection. The adjusted minimum wage rate shall be calculated to the nearest cent using the consumer price index for urban wage earners and clerical workers, CPI-W, or a successor index, for the twelve months prior to each September 1st as calculated by the United States department of labor. Each adjusted minimum wage rate calculated under this subsection takes effect on the following January 1st.

(c) For the purposes of this subsection, "agricultural labor" means services performed:

(i) On a farm, in the employ of any person, in connection with the cultivation of the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and furbearing animals and wildlife, or in the employ of the owner or tenant or other operator of a farm in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment; or

(ii) In packing, packaging, grading, storing, or delivering to storage, or to market or to a carrier for transportation to market,
any agricultural or horticultural commodity if such service is performed as an incident to ordinary farming operations.

(4)"

EFFECT: Provides that the minimum hourly wage increase does not apply to individuals employed in agricultural labor (the rate applicable to those individuals would be the same as current law). Provides a definition of "agricultural labor."

--- END ---
On page 2, line 29, after "(3)" insert "An employer may meet the applicable hourly minimum wage requirement of this section through wages, tips, and money paid by the employer towards an individual employee's medical benefits plan. For the purposes of this section "tips" means a verifiable sum presented by a customer as a gift or gratuity in recognition of some service performed for the customer by the employee receiving the tip.

(4)"

EFFECT: Allows an employer to meet the minimum hourly wage requirement through wages, tips, and money paid by the employer towards an employee's medical benefits plan. Provides a definition of "tips."

--- END ---
HB 1355 - H AMD 88
By Representative Klippert

FAILED 03/03/2015

On page 2, line 22, after "by the" strike "rate of inflation" and insert "((rate of inflation)) average rate of inflation for the previous seven consecutive years"

On page 2, line 25, after "for the" strike "twelve months" and insert "((twelve months)) seven consecutive years"

EFFECT: Provides that the adjustment of the minimum wage rate for inflation must be based on the average rate of inflation for the previous seven consecutive years (rather than based on the previous year's rate of inflation).

--- END ---
HB 1355 - H AMD 87
By Representative Magendanz

SCOPE AND OBJECT 03/03/2015

On page 1, line 21, after "hour" insert ", except as provided in section 2 of this act"

On page 2, line 4, after "hour" insert ", except as provided in section 2 of this act"

On page 2, line 8, after "hour" insert ", except as provided in section 2 of this act"

On page 2, line 12, after "hour" insert ", except as provided in section 2 of this act"

On page 2, line 17, after "subsection" insert ", except as provided in section 2 of this act"

On page 2, after line 30, insert the following:
"NEW SECTION. Sec. 2. A new section is added to chapter 49.46 RCW to read as follows:

(1) Employers may pay employees who are at least eighteen years old but under the age of twenty-five a training wage as follows:

(a) A wage rate of eighty-five percent of the rate established in section 1 of this act if the trainee employee is working under a training curriculum developed by the employer that meets the minimum criteria established by the department; or

(b) If the employer does not have a curriculum meeting the criteria established by the department, a wage rate of ninety percent of the rate established in section 1 of this act if the employer,
before hiring the trainee employee, provides the department with a job
description listing the skills the trainee employee will be learning
through his or her employment.

(2) An employer may not pay a trainee employee the training wage
established in this section for more than a total of twelve months.

(3) An employer must employ the trainee employee for a minimum
period of eighteen consecutive months. If the employer terminates the
trainee employee prior to the expiration of the minimum eighteen month
period, the employer must pay a civil penalty to the department in the
amount of one-half the difference between the wages paid to the
trainee employee and the wages that would have been paid to the
trainee employee at the rate of the state minimum wage. The civil
penalty under this subsection does not apply if the employer
terminated the trainee employee for cause, including but not limited
to theft or delinquency, or if the trainee employee voluntarily leaves
employment before the expiration of the eighteen month period.

(4) A public employer that is subject to a collective bargaining
agreement may not allow any dues, fees, assessments, or charges to be
deducted under a union security provision from the pay of any trainee
employee who is receiving the wage rate established under this
section. The employee must receive the same representation and
benefits under the collective bargaining agreement as other employees
who are members of the employee organization.

(5) The director must establish minimum criteria for curricula for
different industries. The director may consult with businesses,
industry associations, community and technical colleges, and other
entities in establishing minimum criteria for curricula.

NEW SECTION. Sec. 3. (1) The joint legislative audit and review
committee must conduct a study to determine the effects, over a five
year period, of the provisions created under section 2 of this act on
the unemployment rate of youth between the ages of eighteen and
twenty-five. The joint legislative audit and review committee must
1 report back to the appropriate committees of the legislature by
2 December 1, 2021.
3  (2) This section expires January 1, 2021."
4
5 Renumber the remaining section accordingly and correct the title.
6
EFFECT: Allows employers to pay training wages to employees
ages 18 to 24 years old at the following rates: (1) 85% of the
minimum wage when the trainee is working under a training curriculum
established by the employer that meets the criteria of the
Department of Labor and Industries; or (2) 90% of the minimum wage
if the employer does not have a curriculum but has submitted to the
Department a job description listing the skills the trainee will be
learning. Requires the Department to establish minimum criteria for
training curricula for industries.

Limits the training wage period to 12 months and requires the
employer to employ the trainee for a minimum of 18 months. Provides
that if the employer terminates the trainee before the 18 month
period expires, the employer must pay civil penalties to the
Department unless the termination was for cause or the trainee
employee voluntarily quit (the civil penalty is an amount equal to
half the difference between the wages paid and the wages that would
have been paid if the employer paid the state minimum wage rate).

Prohibits public employers who pay training wages from allowing any
dues or fees to be deducted from the trainee's pay under a union
security provision.

Requires the Joint Legislative Audit and Review Committee to conduct
a study of the effects, over five years, of the training wage rate
on youth unemployment.

--- END ---
On page 2, line 22, after "inflation." insert "However, if the rate of inflation has decreased, the minimum wage rate may not be adjusted until the inflation rate has increased to more than the rate it was before the decrease."

**EFFECT:** Provides that, if there has been a decrease in the rate of inflation, the minimum wage rate may not be adjusted until the inflation rate increases to more than the rate was before the decrease.

--- END ---
On page 2, after line 30, insert the following:

"NEW SECTION.  Sec. 2.  (1) Any charter, ordinance, regulation, rule, or resolution enacted by any city, town, county, or port district regulating the minimum hourly wage rate must apply equally to both unionized and nonunionized employers.

(2) No charter, ordinance, regulation, rule, or resolution enacted by any city, town, county, or port district regulating the minimum hourly wage rate may permit its requirements to be waived, in whole or in part, in collective bargaining.

(3) Any provision of any charter, ordinance, regulation, rule, or resolution enacted before or after the effective date of this section that conflicts with subsections (1) and (2) of this section shall not be adopted or agreed to and is preempted and unenforceable.

NEW SECTION.  Sec. 3.  A new section is added to chapter 35.21 RCW to read as follows:

Section 2 of this act governs the authority of a city or town to regulate private employers and to contract regarding the minimum hourly wage rate.

NEW SECTION.  Sec. 4.  A new section is added to chapter 35A.21 RCW to read as follows:

Section 2 of this act governs the authority of a code city to regulate private employers and to contract regarding the minimum hourly wage rate.
NEW SECTION. Sec. 5. A new section is added to chapter 36.01 RCW to read as follows:

Section 2 of this act governs the authority of a county to regulate private employers and to contract regarding the minimum hourly wage rate.

NEW SECTION. Sec. 6. A new section is added to chapter 53.08 RCW to read as follows:

Section 2 of this act governs the authority of a port district to regulate private employers and to contract regarding the minimum hourly wage rate."

Renumber the remaining section consecutively and correct the title.

EFFECT: Adds provisions stating that any local government regulation regarding the minimum hourly wage rate must apply equally to both unionized and nonunionized employers, and no such regulation may permit its requirements to be waived by collective bargaining.

--- END ---
HB 1355 - H AMD 99
By Representative Manweller
SCOPE AND OBJECT 03/03/2015

On page 2, beginning on line 18, after "(b)" strike all material through "30th" on line 19 and insert "((On September 30, 2000, and on each following September 30th)) Subject to section 2 of this act"

On page 2, beginning on line 25, after "for the" strike all material through "labor" on line 26 and insert "((twelve months prior to each September 1st as calculated by the United States department of labor)) average rate of inflation for the previous number of years since the last adjustment, as provided under section 2 of this act"

On page 2, after line 30, insert the following:

"NEW SECTION. Sec. 2. This section is the minimum wage performance statement for the minimum wage increase created in section 1 of this act. This performance statement is only intended to be used for subsequent evaluation of the minimum wage increase. It is not intended to create a private right of action by any party or be used to determine eligibility for any wage and hour benefits.

(1) It is the legislature’s specific public policy objective to increase minimum wages for the purposes of reducing income inequality in the state, as measured by the United States census bureau.

(2) Beginning September 2020, the joint legislative audit and review committee shall conduct a review on whether there has been a rise in income inequality in the state since the effective date of this section. If the review finds that there has been a rise in income inequality, then the department may not adjust the minimum wage rate for inflation, as provided for under section 1 of this act, unless the rise is due to some factor other than the increase in the
minimum wage rate. The minimum wage rate shall not be adjusted until a review conducted by the joint legislative audit and review committee finds that income inequality in the state has not risen, or if it has risen, the rise is due to some factor other than the minimum wage rate.

(b) Beginning September 2025, and every five years thereafter, the joint legislative audit and review committee shall conduct a review on whether income inequality in this state has risen compared to the previous review conducted by the joint legislative audit and review committee. The minimum wage rate may be adjusted for inflation as provided for under section 1 of this act only if the joint legislative audit and review committee finds in its review that income inequality has not risen compared to the last review, or if it has risen, the rise is due to some factor other than the minimum wage increase in section 1 of this act. If the minimum wage rate is adjusted, it must be adjusted by the average rate of inflation for the previous number of years since the last time the minimum wage rate was adjusted for inflation.

(3) In order to obtain the data necessary to perform the review in subsection 2 of this section, the joint legislative audit and review committee shall refer to the most current information available from the United States census bureau's calculated gini coefficient."

Renumber the remaining section consecutively and correct the title.

EFFECT: Adds a performance statement that:
• sets forth the Legislature's public policy objective of reducing income inequality in the state;
• requires the Joint Legislative Audit and Review Committee (JLARC), in 2020, and every five years after, to review whether there has been a rise in income inequality; and
• provides that the minimum wage rate may only be adjusted for inflation when a JLARC review finds that there has not been a rise in income inequality, or if there has been a rise, it is due to some other factor than the minimum wage.
SCOPE AND OBJECT 03/03/2015

On page 2, beginning on line 18, after "(b)" strike all material through "30th" on line 19 and insert "((On September 30, 2000, and on each following September 30th)) Subject to section 2 of this act"

On page 2, beginning on line 25, after "for the" strike all material through "labor" on line 26 and insert "((twelve months prior to each September 1st as calculated by the United States department of labor)) average rate of inflation for the previous number of years since the last adjustment, as provided under section 2 of this act"

On page 2, after line 30, insert the following:

"NEW SECTION. Sec. 2. This section is the minimum wage performance statement for the minimum wage increase created in section 1 of this act. This performance statement is only intended to be used for subsequent evaluation of the minimum wage increase. It is not intended to create a private right of action by any party or be used to determine eligibility for any wage and hour benefits.

(1) It is the legislature’s specific public policy objective to increase minimum wages but not negatively impact the youth in the state by increasing youth unemployment rates. Young people in the state, specifically those between the ages of sixteen and nineteen, rely upon minimum wage jobs to provide them the opportunity to enter into the workforce and gain necessary skills and work ethic.

(2)(a) Beginning September 2020, the joint legislative audit and review committee shall conduct a review on whether the percentage of youth unemployment has increased from the effective date of this section. If the review finds that the youth unemployment has
increased by more than two percent, then the department may not adjust
the minimum wage rate for inflation, as provided for under section 1
of this act, unless the increase is due to some factor other than the
minimum wage increase in section 1 of this act. The minimum wage rate
shall not be adjusted until a review conducted by the joint
legislative audit and review committee finds that the percentage of
youth unemployment has not increased by more than two percent.

(b) Beginning September 2025, and every five years thereafter, the
joint legislative audit and review committee shall conduct a review on
whether the percentage of youth unemployment has increased or
decreased from the previous review conducted by the joint legislative
audit and review committee. The minimum wage rate may be adjusted for
inflation as provided for under section 1 of this act only if the
joint legislative audit and review committee finds in its review that
youth unemployment has not increased from the last review by more than
two percent, or if the percentage has increased by more than two
percent, the increase is due to some factor other than the minimum
wage increase in section 1 of this act. If the minimum wage rate is
adjusted, it must be adjusted by the average rate of inflation for the
previous number of years since the last time the minimum wage rate was
adjusted for inflation.

(3) In order to obtain the data necessary to perform the review in
subsection 2 of this section, the joint legislative audit and review
committee shall refer to the most current information available from
the United States census bureau."

Renumber the remaining section consecutively and correct the
title.

EFFECT: Adds a performance statement that:
• sets forth the Legislature's policy objective of increasing the
  minimum wage without increasing youth unemployment rates;
• requires the Joint Legislative Audit and Review Committee
  (JLARC), in 2020, and every five years after, to review whether
  youth unemployment has increased or decreased from the
effective date of the bill; and
• provides that the minimum wage rate may only be adjusted for inflation when a JLARC review finds that the youth unemployment rate has not increased by more than 2% from the last review, or if there has been an increase, the increase is due to some other factor than the minimum wage.

--- END ---
SCOPE AND OBJECT 03/03/2015

1. On page 2, beginning on line 18, after "(b)" strike all material through "30th" on line 19 and insert "((On September 30, 2000, and on each following September 30th)) Subject to section 2 of this act"

2. On page 2, beginning on line 25, after "for the" strike all material through "labor" on line 26 and insert "((twelve months prior to each September 1st as calculated by the United States department of labor)) average rate of inflation for the previous number of years since the last adjustment, as provided under section 2 of this act"

3. On page 2, after line 30, insert the following:

"NEW SECTION. Sec. 2. This section is the minimum wage performance statement for the minimum wage increase created in section 1 of this act. This performance statement is only intended to be used for subsequent evaluation of the minimum wage increase. It is not intended to create a private right of action by any party or be used to determine eligibility for any wage and hour benefits.

(1) It is the legislature’s specific public policy objective to increase minimum wages for the purposes of reducing or maintaining the number of Washingtonians at or below the federal poverty level as measured by the United States census bureau.

(2) As of 2012, according to data from the United States census bureau, thirteen and a half percent of Washingtonians were at or below poverty, ranking Washington as nineteenth in the nation with the lowest poverty level.

(3)(a) Beginning September 2020, the joint legislative audit and review committee shall conduct a review on whether the percentage of
Washingtonians at or below the federal poverty level has increased or decreased from the effective date of this section. If the review finds that the percentage of Washingtonians at or below the federal poverty level has increased, then the department may not adjust the minimum wage rate for inflation, as provided for under section 1 of this act, unless the increase is due to some factor other than the minimum wage increase in section 1 of this act. The minimum wage rate shall not be adjusted until a review conducted by the joint legislative audit and review committee finds that the percentage of Washingtonians at or below the federal poverty level has not increased.

(b) Beginning September 2025, and every five years thereafter, the joint legislative audit and review committee shall conduct a review on whether the percentage of Washingtonians at or below the federal poverty level has increased or decreased from the previous review conducted by the joint legislative audit and review committee. The minimum wage rate may be adjusted for inflation as provided for under section 1 of this act only if the joint legislative audit and review committee finds in its review that the percentage of Washingtonians at or below the federal poverty level has not increased from the last review, or if the percentage has increased, the increase is due to some factor other than the minimum wage increase in section 1 of this act. If the minimum wage rate is adjusted, it must be adjusted by the average rate of inflation for the previous number of years since the last time the minimum wage rate was adjusted for inflation.

(4) In order to obtain the data necessary to perform the review in subsection 3 of this section, the joint legislative audit and review committee shall refer to the most current information available from the United States census bureau."

Renumber the remaining section consecutively and correct the title.

EFFECT: Adds a performance statement that:
• sets forth the Legislature's public policy objective of reducing
or maintaining the number of Washingtonians at or below the federal poverty level;

• requires the Joint Legislative Audit and Review Committee (JLARC), in 2020, and every five years after, to review whether the percentage of Washingtonians at or below the poverty level has increased or decreased; and

• provides that the minimum wage rate may only be adjusted for inflation when a JLARC review finds that the percentage of Washingtonians at or below the federal poverty level has not increased from the last review, or if there has been an increase, the increase is due to some other factor than the minimum wage.

--- END ---
HB 1355 - H AMD 96
By Representative Manweller

SCOPE AND OBJECT 03/03/2015

1 On page 2, beginning on line 18, after "(b)" strike all material through "30th" on line 19 and insert "((On September 30, 2000, and on each following September 30th)) Subject to section 2 of this act"

2 On page 2, beginning on line 25, after "for the" strike all material through "labor" on line 26 and insert "((twelve months prior to each September 1st as calculated by the United States department of labor)) average rate of inflation for the previous number of years since the last adjustment, as provided under section 2 of this act"

3 On page 2, after line 30, insert the following:

"NEW SECTION. Sec. 2. This section is the minimum wage performance statement for the minimum wage increase created in section 1 of this act. This performance statement is only intended to be used for subsequent evaluation of the minimum wage increase. It is not intended to create a private right of action by any party or be used to determine eligibility for any wage and hour benefits.

(1) It is the legislature’s specific public policy objective to increase minimum wages, but not to the detriment of the minority population of the state.

(2) Beginning September 2020, the joint legislative audit and review committee shall conduct a review on whether the minority unemployment rate has increased from the effective date of this section. If the review finds that the minority unemployment rate has increased by more than two percent, then the department may not adjust the minimum wage rate for inflation, as provided for under section 1
of this act, unless the increase is due to some factor other than the minimum wage increase in section 1 of this act. The minimum wage rate shall not be adjusted until a review conducted by the joint legislative audit and review committee finds that the rate of minority unemployment has not increased by more than two percent.

(b) Beginning September 2025, and every five years thereafter, the joint legislative audit and review committee shall conduct a review on whether the rate of minority unemployment has increased or decreased from the previous review conducted by the joint legislative audit and review committee. The minimum wage rate may be adjusted for inflation as provided for under section 1 of this act only if the joint legislative audit and review committee finds in its review that minority unemployment has not increased from the last review by more than two percent, or if the percentage has increased by more than two percent, the increase is due to some factor other than the minimum wage increase in section 1 of this act. If the minimum wage rate is adjusted, it must be adjusted by the average rate of inflation for the previous number of years since the last time the minimum wage rate was adjusted for inflation.

(3) In order to obtain the data necessary to perform the review in subsection 2 of this section, the joint legislative audit and review committee shall refer to the most current information available from the United States census bureau.

Renumber the remaining section consecutively and correct the title.

**EFFECT:** Adds a performance statement that:
- sets forth the Legislature's public policy objective of increasing the minimum wage but not to the detriment of the minorities in the state;
- requires the Joint Legislative Audit and Review Committee (JLARC), in 2020, and every five years after, to review whether the rate of minority unemployment has increased or decreased; and
- provides that the minimum wage rate may only be adjusted for inflation when a JLARC review finds that the rate of minority unemployment has not increased by more than two percent.
unemployment has not increased by more than two percent from the last review, or if there has been an increase, the increase is due to some other factor than the minimum wage.

--- END ---
HB 1355 - H AMD 81
By Representative Orcutt

SCOPE AND OBJECT 03/03/2015

On page 2, line 22, after "inflation" insert "subject to subsection (c) of this section"

On page 2, after line 28, insert the following:
"(c) The minimum wage rate may not be adjusted if the statewide seasonally adjusted average unemployment rate for the previous twelve months is higher than the national seasonally adjusted average unemployment rate. In determining the unemployment rate, the department must use data from the twelve months prior to each September 1st as calculated by the United States department of labor. The department may resume adjusting the minimum wage rate under this section only when the statewide seasonally adjusted average unemployment rate is lower than the national seasonally adjusted average unemployment rate."

EFFECT: Provides that once the minimum hourly wage rate reaches $12, the wage rate may not be adjusted for inflation if the statewide seasonally adjusted average unemployment rate for the previous 12 months is higher than the national seasonally adjusted average unemployment rate, and the Department of Labor and Industries may resume adjusting the wage rate only when the state's unemployment rate is lower than the national rate.

--- END ---

--- END ---
HB 1355 - H AMD 89
By Representative Vick

NOT ADOPTED 03/03/2015

On page 2, after line 30, insert the following:

"NEW SECTION. Sec. 2. A new section is added to chapter 49.46 RCW to read as follows:
(1) The state of Washington hereby occupies and preempts the entire field regarding the minimum hourly wage rate within the boundaries of the state. A city, town, county, or port district may not require, enforce, or otherwise regulate by means of charter, ordinance, regulation, rule, resolution, or contract, including purchase agreement, the minimum hourly wage rate for private employers. Any such provisions or terms shall not be adopted or agreed to and are preempted and unenforceable. The state preemption created in this section does not apply to any charter, ordinance, regulation, rule, or resolution regulating, or any contract, including purchase agreement, regarding the minimum hourly wage rate for private employers that was adopted by a city, town, county, or port district before the effective date of this section.
(2) This section does not impair any provision of a collective bargaining agreement in effect on the effective date of this section.
(3) The preemption created in this section shall be broadly construed.

Sec. 3. RCW 49.46.120 and 1961 ex.s. c 18 s 4 are each amended to read as follows:
This chapter establishes a minimum standard for wages and working conditions of all employees in this state, unless exempted herefrom, and is in addition to and supplementary to any other
federal(, or state(, or local)) law (or ordinance) or any rule or regulation issued thereunder. Any standards relating to wages, hours, or other working conditions established by any applicable federal(, or state(, or local)) law (or ordinance) or any rule or regulation issued thereunder, which are more favorable to employees than the minimum standards applicable under this chapter, or any rule or regulation issued hereunder, shall not be affected by this chapter and such other laws, or rules or regulations, shall be in full force and effect and may be enforced as provided by law.

NEW SECTION.  Sec. 4. A new section is added to chapter 35.21 RCW to read as follows:
Section 2 of this act governs the authority of a city or town to regulate and contract with private employers regarding the minimum hourly wage rate.

NEW SECTION.  Sec. 5. A new section is added to chapter 35A.21 RCW to read as follows:
Section 2 of this act governs the authority of a code city to regulate and contract with private employers regarding the minimum hourly wage rate.

NEW SECTION.  Sec. 6. A new section is added to chapter 36.01 RCW to read as follows:
Section 2 of this act governs the authority of a county to regulate and contract with private employers regarding the minimum hourly wage rate.

NEW SECTION.  Sec. 7. A new section is added to chapter 53.08 RCW to read as follows:
Section 2 of this act governs the authority of a port district to regulate and contract with private employers regarding the minimum hourly wage rate."
1

2 Renumber the remaining section consecutively and correct the
3 title.

4

EFFECT: Preempts local government regulations of and contracts
5 with private employers regarding minimum wage rates, except for
6 regulations enacted and contracts entered into before the effective
7 date of the act.

--- END ---
Multiple Agency Fiscal Note Summary

**Bill Number**: 1355 HB  
**Title**: Minimum hourly wage increase

**Estimated Cash Receipts**

<table>
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<th>Agency Name</th>
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<td>GF-State</td>
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<tr>
<td>Washington State Health Care Authority</td>
<td>Non-zero but indeterminate cost and/or savings. Please see discussion.</td>
<td></td>
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<td>Department of Social and Health Services</td>
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<td></td>
<td></td>
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<td>Employment Security Department</td>
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<td>(41,700,000)</td>
<td>0</td>
<td>(59,850,000)</td>
<td>0</td>
<td>(19,280,000)</td>
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<td><strong>Total</strong></td>
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<td>0</td>
<td>(59,850,000)</td>
<td>0</td>
<td>(19,280,000)</td>
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**Estimated Expenditures**

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<tr>
<th>Agency Name</th>
<th>2015-17</th>
<th></th>
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<td></td>
<td>FTEs</td>
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<td>FTEs</td>
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<tr>
<td>Washington State Health Care Authority</td>
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<tr>
<td>Department of Labor and Industries</td>
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<td>0</td>
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<td>Department of Social and Health Services</td>
<td>Non-zero but indeterminate cost and/or savings. Please see discussion.</td>
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<tr>
<td>Employment Security Department</td>
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<td><strong>Total</strong></td>
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<td>$0</td>
<td>0.0</td>
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**Estimated Capital Budget Impact**

NONE

**Prepared by**: Devon Nichols, OFM  
**Phone**: (360) 902-0582  
**Date Published**: Final 2/10/2015

* See Office of the Administrator for the Courts judicial fiscal note
** See local government fiscal note
FNPID: 39385
FNS029 Multi Agency rollup
## Individual State Agency Fiscal Note

| Bill Number: | 1355 HB | Title: | Minimum hourly wage increase | Agency: | 107-Wash State Health Care Authority |

### Part I: Estimates

- **No Fiscal Impact**

#### Estimated Cash Receipts to:

| Non-zero but indeterminate cost. Please see discussion. |

#### Estimated Expenditures from:

| Non-zero but indeterminate cost. Please see discussion. |

#### Estimated Capital Budget Impact:

**NONE**

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- **X** If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

<table>
<thead>
<tr>
<th>Legislative Contact:</th>
<th>Trudes Tango</th>
<th>Phone: 360-786-7384</th>
<th>Date: 01/20/2015</th>
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<tbody>
<tr>
<td>Agency Preparation:</td>
<td>Kate LaBelle</td>
<td>Phone: 360-725-1846</td>
<td>Date: 02/05/2015</td>
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<tr>
<td>Agency Approval:</td>
<td>Carl Yanagida</td>
<td>Phone: 360-725-1033</td>
<td>Date: 02/05/2015</td>
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<tr>
<td>OFM Review:</td>
<td>Danielle Cruver</td>
<td>Phone: (360) 902-0575</td>
<td>Date: 02/06/2015</td>
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FNS063 Individual State Agency Fiscal Note

1Form FN (Rev 1/00) Request # 15-19-2

Bill # 1355 HB
Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact
Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

See attached narrative

II. B - Cash receipts Impact
Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

See attached narrative

II. C - Expenditures
Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

See attached narrative

Part III: Expenditure Detail

Part IV: Capital Budget Impact
NONE

None

Part V: New Rule Making Required
Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None
Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

This bill increases the state minimum wage to twelve dollars an hour over a four year time period.

The bill revises the state minimum wage to the following:

- Effective January 1, 2016: $10.00 per hour
- Effective January 1, 2017: $10.50 per hour
- Effective January 1, 2018: $11.00 per hour
- Effective January 1, 2019: $12.00 per hour

Family Medical Adults:
This program has a modified adjusted gross income (MAGI) eligibility threshold of 54 percent FPL. Increasing the state minimum wage may cause some clients currently covered by Family-related MAGI Medicaid to lose eligibility and to become eligible for the New Adult Group. Similarly, this may cause clients presently on MAGI-based Apple Health to exceed the income eligibility limits and become eligible for non-Apple Health coverage through the Health Benefit Exchange. This would likely result in savings for the HCA, however the full impacts will not be realized until 2019 when the minimum wage reaches twelve dollars per hour. Any changes in the federal poverty level (FPL) and eligibility requirements could change the impact to HCA and the Medicaid program. The anticipated caseload population based on no changes to the minimum wage for fiscal year 16 is 166,425.

Newly Eligible Adults:
This program has a MAGI FPL eligibility threshold of 138 percent. This benefit is 100 percent federally funded through 2016; there would be no impact on GF-S if the population receiving this aid changed. The federal match is anticipated to change incrementally starting in 2017 until it reaches ninety percent in 2020; any changes in population size will have a limited effect on state funds due to the small change in federal match rate. Any changes in the federal poverty level (FPL) and eligibility requirements could change the impact to HCA and the Medicaid program. The anticipated caseload population based on no changes to the minimum wage for fiscal year 16 is 480,565.

Pregnant Women:
This eligibility category has a relatively high MAGI FPL threshold of 193 percent. Given this and the dynamic nature of both family composition and labor force participation decisions for these women, it is unlikely that any change in minimum wage likely would produce impacts on eligibility for this population. The anticipated caseload population based on no changes to the minimum wage for fiscal year 16 is 24,784.

Children’s Programs:
Children become ineligible for Medicaid above 312 percent FPL under MAGI. Families at that income range are highly unlikely to be impacted by a change in the minimum wage. The anticipated caseload population based on no changes to the minimum wage for fiscal year 16 is 752,727.
Blind/Disabled: Persons in this population have extremely low labor force participation rates and are unlikely to be impacted by any changes in the minimum wage. The anticipated caseload population based on no changes to the minimum wage for fiscal year 16 is 151,444.

II. B - Cash Receipts Impact

Indeterminate

II. C - Expenditures

Indeterminate

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

None
# Individual State Agency Fiscal Note

<table>
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<tr>
<th>Bill Number:</th>
<th>1355 HB</th>
<th>Title:</th>
<th>Minimum hourly wage increase</th>
<th>Agency:</th>
<th>235-Department of Labor and Industries</th>
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</table>

## Part I: Estimates

- **No Fiscal Impact**

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- [ ] If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- [ ] If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- [ ] Capital budget impact, complete Part IV.
- [ ] Requires new rule making, complete Part V.

<table>
<thead>
<tr>
<th>Legislative Contact:</th>
<th>Trudes Tango</th>
<th>Phone: 360-786-7384</th>
<th>Date: 01/20/2015</th>
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<tr>
<td>Agency Preparation:</td>
<td>Gwendolyn M Reed</td>
<td>Phone: 360-902-6992</td>
<td>Date: 01/23/2015</td>
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<tr>
<td>Agency Approval:</td>
<td>Randi Warick</td>
<td>Phone: 360-902-4214</td>
<td>Date: 01/23/2015</td>
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<tr>
<td>OFM Review:</td>
<td>Devon Nichols</td>
<td>Phone: (360) 902-0582</td>
<td>Date: 01/23/2015</td>
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</tbody>
</table>
Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This proposed legislation would incrementally change the minimum wage to $12.00 per hour for employees who have reached the age of eighteen years. The incremental change would take place as follows:

- Jan. 1, 2016 - $10.00 per hour
- Jan. 1, 2017 - $10.50 per hour
- Jan. 1, 2018 - $11.00 per hour
- Jan. 1, 2019 - $12.00 per hour

Beginning September 30, 2020 the adjusted minimum wage rate will be calculated using the consumer price index.

This proposed legislation has no fiscal impact to the department. The increase will have little or no effect on the number of minimum wage complaints the department receives each year and the department currently uses the consumer price index to adjust the minimum wage rate.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

None.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

None.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None.
Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☐ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact: Trudes Tango  Phone: 360-786-7384  Date: 01/20/2015
Agency Preparation: Bill Jordan  Phone: 360-902-8183  Date: 02/05/2015
Agency Approval: Dan Winkley  Phone: 360-902-8179  Date: 02/05/2015
OFM Review: Devon Nichols  Phone: (360) 902-0582  Date: 02/09/2015
Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

RCW 49.46.020 State law requires that employers covered under the state Minimum Wage Act pay employees' age 18 years or older no less than the state minimum wage rate. The current state minimum wage rate is $9.47 per hour.

House Bill 1355 increases the minimum wage rate from $9.47 per hour to $12 per hour over a four-year period. Rate increases are as follows:

- Effective January 1, 2016: $10.00 per hour
- Effective January 1, 2017: $10.50 per hour
- Effective January 1, 2018: $11.00 per hour
- Effective January 1, 2019: $12.00 per hour

Effective January 1, 2020, and each January 1st hereafter, every employer shall pay each employee age 18 and older wages at a rate of not less than the amount established by the Department of Labor and Industries.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

For lidded grants where DSHS cannot earn federal reimbursement for additional costs, it is assumed that GF-State will be needed. For federal funds that can be earned such as Food Stamps, Title 19, Child Support, are based on the DSHS Compensation Impact Model (CIM) funding percentages.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The effect of House Bill 1355 on state employees’ wages is addressed in the Office of Financial Management statewide fiscal note.

Discussion of the potential fiscal impacts in this indeterminate statewide note is not intended to be exhaustive. The Department of Social and Health Services (DSHS) has attempted to describe the range of impacts in the areas most likely to have potential costs or savings. Although the fiscal impact is indeterminate, the following scenarios provide a reasonable illustration of the potential fiscal impact.

Minimum wage increases are likely to have the following indeterminate impacts on DSHS:

- Temporary Assistance for Needy Families (TANF) caseload impacts at higher incomes will result in some clients losing eligibility due to incomes above maximum income limits;
- Increased expenditures for collectively bargained home-care worker wages; and
- Higher vendor rates as vendors will want to negotiate contracted reimbursement levels.
Temporary Assistance for Needy Families (TANF):

While the fiscal impact of a minimum wage increase on TANF eligibility is indeterminate, the OFM Forecast Division has data that correlate decreases in TANF caseloads to past increases in minimum wage. Absent other changes, including economic conditions and client choices, it could be assumed that minimum wage increases would result in fewer clients entering the TANF caseload. Based on past changes to client entry in the time following wage increases, updating the Workfirst caseload forecast model suggests the following caseload reductions and corresponding savings:

<table>
<thead>
<tr>
<th>TANF Caseload Impact</th>
<th>Minimum Wage</th>
<th>$10/hour</th>
<th>$10.50/hour</th>
<th>$11/hour</th>
<th>$12/hour</th>
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</thead>
<tbody>
<tr>
<td>Monthly Average Caseload Change</td>
<td>(266)</td>
<td>(1,671)</td>
<td>(3,344)</td>
<td>(5,369)</td>
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<table>
<thead>
<tr>
<th>TANF Fiscal Impact (in thousands)</th>
<th>Minimum Wage</th>
<th>$10/hour</th>
<th>$10.50/hour</th>
<th>$11/hour</th>
<th>$12/hour</th>
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<tbody>
<tr>
<td>Potential GF-State Savings</td>
<td>($1,226)</td>
<td>($7,682)</td>
<td>($15,351)</td>
<td>($24,598)</td>
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</tr>
</tbody>
</table>

Key TANF Assumptions:

• Based on OFM TANF Caseload Forecast models and per-caps as of November 2014.
• The OFM TANF Caseload Forecast model measures and uses the relationship between WorkFirst entry rates and minimum wages between 2003 and 2014 to predict future entries. If the relationship between minimum wage and future entries changes after the minimum wage reaches the level that precludes most adults from entering TANF while working, this relationship could change.
• Qualifications for TANF are based on income and family size.
• TANF household income must be less than 58 percent of the federal poverty level (FPL) in 2014. This percentage will drop over time as FPL Levels are increased for inflation.
• Many clients are unemployed, so a minimum wage increase would not impact income.

Aging and Long-Term Support and Developmental Disability:

DSHS’ Home and Community Services (HCS) Division promotes, plans, develops and pays for long-term care services responsive to the needs of persons with disabilities and the elderly with priority attention to low income individuals and families. SEIU Healthcare 775NW is recognized as the sole and exclusive representative for all individual providers of in-home care services as defined in RCW 74.39A.240 and under the provisions of 74.39A.270.

Currently, under the 2013-2015 collective bargaining agreement for SEIU Healthcare 775NW, wages range from $10.53 to $14.34 for services from a contracted individual provider providing services to children and adults assessed by DSHS and found eligible for Medicaid Personal Care (MPC). The SEIU Healthcare 775NW's proposed agreement for 2015-2017, includes phased-in changes to wage scale resulting in a starting wage of $12.00 per hour and a top wage of $15.60 per hour. Due to parity requirements these wage increases also impact Medicaid contracted Home Care Agencies.
With regard to the wage differences provided in HB 1355, both the current and proposed CBA for SEIU Healthcare 775NW already meet or exceed the amount envisioned by the bill through 2018, as well as for the Medicaid contracted Home Care Agencies. There is a small possibility that beginning at September 30, 2019, if the wages in the CBA (and due to parity) do not increase, the wage rate provided for in the bill will be implemented for this population of workers.

Vendor Rates:

It is possible additional funding to support increased vendor rates will be necessary. The indeterminate impact on vendors is due to the fact that many DSHS vendor contracts are paid on a performance-based deliverable basis or are paid at an agreed-upon rate for a unit of service. Under these payment arrangements, DSHS collects total expenditure information for the number of units of service provided. DSHS does not collect information about the number of employees hired by vendors, the number of hours worked by vendor employees or the hourly wage paid by vendors.

Given that DSHS does not collect data on employees hired by vendors, it is unknown how many vendors may be impacted by this bill. It is expected that some vendors will be impacted by increasing the state minimum wage more than others. Vendors whose subsidies are impacted by a minimum wage increase will see an increase in operation costs; and in turn, will likely want to negotiate higher reimbursement levels.

To illustrate the potential vendor rate fiscal impact, the DSHS Vendor Rate Model was updated to reflect the DSHS 2015-17 Biennial budget – Agency Request – Carry Forward Level.

The attached worksheet entitled, FN HB 1355 Vendor Rate, illustrates the potential state and federal costs of raising vendor rates due to increasing the state minimum wage over four years, beginning on July 1, 2016. The table shows the potential impact by fiscal year assuming a percentage (1%, 3%, 5%, and 10%) increase in the first year and then a one percent increase each fiscal year thereafter, of all vendors will be impacted by the increasing minimum wage. For example, the estimated cost shown in fiscal year 2016 is $167,441,000, assuming all vendors increase their rates by five percent increase to meet the required $10 per hour minimum wage.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.
## VENDOR RATE INCREASE FY 16 TO FY 19

<table>
<thead>
<tr>
<th>2015 - 17 Biennial Impact</th>
<th>101,209,000</th>
<th>236,240,000</th>
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<tr>
<td>Fiscal Year 2016</td>
<td>3,348,778,460</td>
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</tr>
<tr>
<td>Fiscal Year 2017</td>
<td>3,369,154,780</td>
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<tr>
<td>Fiscal Year 2018</td>
<td>3,382,266,460</td>
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<tr>
<td>Fiscal Year 2019</td>
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<tr>
<td><strong>1%</strong></td>
<td>33,488,000</td>
<td>100,463,000</td>
<td>167,441,000</td>
<td>334,878,000</td>
</tr>
<tr>
<td><strong>3%</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>5%</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>10%</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal Year 2016</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Fiscal Year 2017</td>
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<tr>
<td>Fiscal Year 2018</td>
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<tr>
<td>Fiscal Year 2019</td>
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<tr>
<td><strong>GF-State</strong></td>
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<tr>
<td>Federal</td>
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<td>Total</td>
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<td>117,809,000</td>
<td>235,615,000</td>
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<td><strong>Federal</strong></td>
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<td>29,778,000</td>
<td>49,632,000</td>
<td>99,263,000</td>
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<tr>
<td><strong>Total</strong></td>
<td>33,488,000</td>
<td>100,463,000</td>
<td>167,441,000</td>
<td>334,878,000</td>
</tr>
<tr>
<td><strong>FY 16</strong></td>
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<tr>
<td><strong>GF-State</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td></td>
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<tr>
<td>Total</td>
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<td>95,426,000</td>
<td>143,258,000</td>
<td>262,834,000</td>
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<td><strong>Federal</strong></td>
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<td>40,351,000</td>
<td>60,578,000</td>
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<td><strong>Total</strong></td>
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<td>135,777,000</td>
<td>203,836,000</td>
<td>373,976,000</td>
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<tr>
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<tr>
<td>Federal</td>
<td></td>
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<tr>
<td>Total</td>
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<td>168,368,000</td>
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</tr>
<tr>
<td><strong>Federal</strong></td>
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<td>50,769,000</td>
<td>71,198,000</td>
<td>122,265,000</td>
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<tr>
<td><strong>Total</strong></td>
<td>102,090,000</td>
<td>170,828,000</td>
<td>239,566,000</td>
<td>411,406,000</td>
</tr>
<tr>
<td><strong>FY 18</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GF-State</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>96,145,000</td>
<td>144,939,000</td>
<td>193,732,000</td>
<td>315,711,000</td>
</tr>
<tr>
<td><strong>Federal</strong></td>
<td>40,658,000</td>
<td>61,288,000</td>
<td>81,921,000</td>
<td>133,501,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>136,803,000</td>
<td>206,227,000</td>
<td>275,653,000</td>
<td>449,212,000</td>
</tr>
</tbody>
</table>

The State and Federal funding splits are based on the DSHS Compensation Impact Model for the 2015-17 Biennium.

The Fiscal Year 2016 amounts reflect a 1, 3, 5 and 10% increase. Fiscal Year 17 to 19 reflect an additional 1% increase.
# Individual State Agency Fiscal Note

<table>
<thead>
<tr>
<th>Bill Number:</th>
<th>1355 HB</th>
<th>Title:</th>
<th>Minimum hourly wage increase</th>
<th>Agency:</th>
<th>540-Employment Security Department</th>
</tr>
</thead>
</table>

## Part I: Estimates

- **No Fiscal Impact**

### Estimated Cash Receipts to:

<table>
<thead>
<tr>
<th>ACCOUNT</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>2015-17</th>
<th>2017-19</th>
<th>2019-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment Compensation Federal Employees' Benefit Payment Account-Non- Appropriated 622-6</td>
<td>(17,850,000)</td>
<td>(23,850,000)</td>
<td>(41,700,000)</td>
<td>(59,850,000)</td>
<td>(19,280,000)</td>
</tr>
</tbody>
</table>

**Total $** (17,850,000) (23,850,000) (41,700,000) (59,850,000) (19,280,000)

### Estimated Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

---

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- [X] If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- [ ] If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- [ ] Capital budget impact, complete Part IV.
- [ ] Requires new rule making, complete Part V.

---

**Legislative Contact:** Trudes Tango  
Phone: 360-786-7384  
Date: 01/20/2015

**Agency Preparation:** Joyce Miller  
Phone: 360 902 9251  
Date: 01/30/2015

**Agency Approval:** Trent Howard  
Phone: 360 902 9425  
Date: 01/30/2015

**OFM Review:** Devon Nichols  
Phone: (360) 902-0582  
Date: 02/05/2015
Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1 amends RCW 49.46.020 stating beginning January 1, 2016, and until January 1, 2017 every employer shall pay to each of his or her employees who have reached the age of eighteen years wages at a rate of not less than ten dollars per hour. Beginning January 1, 2017 until January 1, 2018 a rate of not less than ten dollar and fifty cents per hour, beginning January 1, 2018 until January 2019 a rate of not less than eleven dollars per hour and beginning January 1, 2019 until January 1, 2020 a rate of not less than twelve dollars per hour.

Section 2 adds a new section stating the effective date of the act is January 1, 2016.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

The information below is calculated on a calendar year basis.

The impact to the number of jobs and additional wage is as follows:

<table>
<thead>
<tr>
<th>Hourly Wage Range</th>
<th>Wage Data from 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$9.01-$10.00</td>
</tr>
<tr>
<td>Number of Jobs</td>
<td>109,510</td>
</tr>
<tr>
<td></td>
<td>$10.00-$10.49</td>
</tr>
<tr>
<td></td>
<td>68,604</td>
</tr>
<tr>
<td></td>
<td>$10.50-$10.99</td>
</tr>
<tr>
<td></td>
<td>52,061</td>
</tr>
<tr>
<td></td>
<td>$11.00-$11.99</td>
</tr>
<tr>
<td></td>
<td>97,023</td>
</tr>
<tr>
<td>Additional Wages</td>
<td>$2,185,198,711</td>
</tr>
<tr>
<td></td>
<td>$1,460,406,882</td>
</tr>
<tr>
<td></td>
<td>$1,167,618,828</td>
</tr>
<tr>
<td></td>
<td>$2,322,177,892</td>
</tr>
</tbody>
</table>

The impact to the Unemployment Trust fund is as follows:

<table>
<thead>
<tr>
<th>Unemployment Trust Fund Impact-in Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>UI Benefit Payments</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>2017</td>
</tr>
<tr>
<td>2018</td>
</tr>
<tr>
<td>2019</td>
</tr>
<tr>
<td>2020</td>
</tr>
</tbody>
</table>

Unemployment benefit would increase by $13.8 million in 2016 and would continue to increase up to $47.1 million by 2020. Tax collections would increase by $1.3 million in 2017 and would continue to increase up to $21.4 million in 2020.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.
Part III: Expenditure Detail
III. A - Expenditures by Object Or Purpose
NONE

Part IV: Capital Budget Impact
NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.
LOCAL GOVERNMENT FISCAL NOTE
Department of Commerce

Bill Number: 1355 HB  Title: Minimum hourly wage increase

Part I: Jurisdiction - Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:
- Cities: Increased labor costs for less than 1 percent of positions
- Counties: Same as above
- Special Districts: Same as above

No variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: Specific number of positions below the increased thresholds

Estimated revenue impacts to:
- None

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Darleen Muhly  Phone: (360) 725-5030  Date: 02/02/2015
Leg. Committee Contact: Trudes Tango  Phone: 360-786-7384  Date: 01/20/2015
Agency Approval: Steve Salmi  Phone: (360) 725 5034  Date: 02/02/2015
OFM Review: Devon Nichols  Phone: (360) 902-0582  Date: 02/03/2015
Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

This bill would increase the minimum wage for all employees of at least 18 years old as follows:

-- $10 per hour in calendar year 2016
-- $10.50 per hour in calendar year 2017
-- $11 per hour in calendar year 2018
-- $12 per hour in calendar year 2019
-- Thereafter the existing provisions for adjusting the rate annually based on CPI would apply.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

The impact to local government salaries is indeterminate because the number of local government positions under the increased pay threshold is unknown. However, it is assumed that this legislation would only impact less than 1 percent of local government payroll.

According to the Association of Washington Cities, this legislation would likely only impact the salaries of a small number of city employees, with most of those being in seasonal or part-time positions, such as seasonal concession workers. For illustrative purposes, we examined employee salaries reported by the Tacoma News Tribune for City of Tacoma employees in 2013. Out of 3,798 entries, only 70 (less than 2 percent) were identified as earning less than $12 per hour (five Pages paid $11.09 per hour, 20 Occupational Interns Skilled paid $11.47, and 45 Laborers paid $11.92 per hour). All of these, based on 2013 gross pay, appeared to work part-time with most working less than half time. Therefore, they represent less than 1 percent of total City of Tacoma FTEs.

The Washington Association of County Officials also assumed that the number of impacted positions would be small and most of those affected positions would be short-term in nature such as temporary election help in auditors' offices.

It is assumed that overall special districts would have similar impacts as cities and counties. However some districts, such as rural library districts, may have higher impacts than others.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

None

SOURCES:
Association of Washington Cities
Washington Association of County Officials
## Individual State Agency Fiscal Note

<table>
<thead>
<tr>
<th>Bill Number:</th>
<th>1355 HB</th>
<th>Title:</th>
<th>Minimum hourly wage increase</th>
<th>Agency:</th>
<th>SWF-SWF Statewide Fiscal Note - OFM</th>
</tr>
</thead>
</table>

### Part I: Estimates

- **No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Expenditures from:**

Non-zero but indeterminate cost. Please see discussion.

**Estimated Capital Budget Impact:**

NONE

---

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- **X** If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- - If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- - Capital budget impact, complete Part IV.
- - Requires new rule making, complete Part V.

<table>
<thead>
<tr>
<th>Legislative Contact:</th>
<th>Trudes Tango</th>
<th>Phone: 360-786-7384</th>
<th>Date: 01/20/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency Preparation:</td>
<td>Stephanie Lidren</td>
<td>Phone: (360) 902-3056</td>
<td>Date: 02/06/2015</td>
</tr>
<tr>
<td>Agency Approval:</td>
<td>Aaron Butcher</td>
<td>Phone: (360) 902-5555</td>
<td>Date: 02/06/2015</td>
</tr>
<tr>
<td>OFM Review:</td>
<td>Devon Nichols</td>
<td>Phone: (360) 902-0582</td>
<td>Date: 02/06/2015</td>
</tr>
</tbody>
</table>
Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

State law requires that employers covered under the state Minimum Wage Act pay employees age 18 years or older no less than the state minimum wage rate. The current state minimum wage rate is $9.47 per hour.

House Bill 1355 increases the minimum wage rate from $9.47 per hour to $12 per hour. Rate increases are as follows:

- Effective January 1, 2016: $10 per hour
- Effective January 1, 2017: $10.50 per hour
- Effective January 1, 2018: $11 per hour
- Effective January 1, 2019: $12 per hour

Effective January 1, 2020, and each January thereafter, the state minimum wage rate must be adjusted for inflation. The Department of Labor and Industries calculates the adjusted rate using the Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers (CPI-W), for the 12 months prior to each September 1.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

House Bill 1355 has no cash receipts impact for the populations covered in this fiscal note.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

To illustrate the potential fiscal impact of a minimum wage increase to $12 per hour over the given time period, a rough magnitude of fiscal impact is provided for the:

1) State Employment Workforce
2) K-12 Education Workforce

The following fiscal estimates do not include the potential impact of compression, a general rise in wages when the minimum wage increases.

1) State Employee Workforce

Classified Employees:
Some state jobs in the classified service have salary ranges with beginning steps below the proposed future minimum wages, but all current salary ranges include steps with hourly pay of more than $12. Since pay for these employees changes as they progress through the steps of their salary range, the number of employees who might be affected by a change in the state minimum wage is not fixed but changes as employees reach different steps in their salary ranges and as employees enter and leave job classes.

Other Workers:
There are others, with pay not determined by a salary grid, who may earn less than $12 an hour. Some could be affected by this proposal, but others hold positions that are exempt from the state minimum wage law, such as volunteers (members of boards and commissions, service corps workers) and elected officials. We found relatively few employees outside of higher education who would be affected by the proposed change.

Students:
Student workers at institutions of higher education appear most likely to be affected by changes in the state’s minimum wage, but they also are the group for which the least data is available. Additionally, some but not all remuneration received by students is exempt from the state’s minimum wage, and we were unable to distinguish between exempt and non-exempt payments in many cases.

Data and Limitations:
For this fiscal note, we used data in the Compensation Impact Model as well as information gathered from state institutions. Both are static ‘snapshots’ of a continually changing population of workers.

Further, estimating the cost of an increase in minimum wage requires data on hourly wages; state budget data are based on monthly pay amounts. To use monthly data, it was necessary to estimate an hourly pay rate, based on monthly pay and on the “percent time worked” reported.

The percent time worked information was missing or apparently erroneous in many instances, particularly in data for non-classified employees. Institutions were asked to provide additional data or cost estimates, but not all were able to do so in the time available. Cost estimates (attached charts reflect dollars in thousands).

2) K-12 Education – Potential Local District Impact

School Districts:
State allocations for school district staffing reflect higher hourly rates than the new minimum wages identified in this bill, based on calculations for the numbers of state-funded positions provided. It is unknown if the Legislature would choose to increase state allocations in the event of higher minimum wages. School districts employ staff at wages that differ from state funding formula allocations. Districts paying wages at less than the minimum wages identified in this legislation will experience higher costs associated with the increase in minimum wages. The estimated costs attached include both wages and applicable taxes and benefits. As with higher education data, these estimates are based on a snapshot (preliminary S-275 reporting for school year 2014-15) of currently reported employee data from school districts.

Discussion of the potential fiscal impacts in this indeterminate statewide note is not intended to be exhaustive. OFM has attempted to describe the range of impacts in the areas of state and local government most likely to have potential costs or savings. Please see the individual state agency fiscal notes for the potential fiscal impacts for the following:
1) Department of Social and Health Services
2) Health Care Authority
3) Department of Labor and Industries
4) Employment Security Department

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE
Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*
## Preliminary Cost Estimate (State Workers) - Increase in State Minimum Wage

12 Month Cost - including Pension, Social Security, and Medicare Contributions

<table>
<thead>
<tr>
<th></th>
<th>FY1</th>
<th>FY2</th>
<th>FY3</th>
<th>FY4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dollars in Thousands</strong></td>
<td>GF-S</td>
<td>Other</td>
<td>Total</td>
<td>GF-S</td>
</tr>
<tr>
<td><strong>Non-Student Employees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Agencies - Non-Higher</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>$2</td>
<td>$-</td>
<td>$2</td>
<td>$5</td>
</tr>
<tr>
<td>Higher Education*** - 4 Year*</td>
<td>$3</td>
<td>$40</td>
<td>$43</td>
<td>$26</td>
</tr>
<tr>
<td>Higher Education - 2 Year*</td>
<td>$103</td>
<td>$196</td>
<td>$299</td>
<td>$280</td>
</tr>
<tr>
<td>Preliminary Totals</td>
<td>$108</td>
<td>$235</td>
<td>$344</td>
<td>$311</td>
</tr>
<tr>
<td><strong>Student Employees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student and Non-Student Employees</td>
<td>$169</td>
<td>$652</td>
<td>$1,035</td>
<td>$561</td>
</tr>
</tbody>
</table>

**Student and Non-Student Employees** $277 $889 $1,380 $872 $3,419 $4,291 $1,555 $5,679 $7,235 $3,104 $9,956 $13,060

*Tuition (149) is included in the higher education Other Fund numbers at the level in the Governor’s Maintenance Leveel Budget

** Data for TESC is not yet available, and data for CWU has not yet been reviewed by the institution.

### School District Cost of HB 1355*

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary Increase by Calendar Year</td>
<td>$195,509</td>
<td>$60,984</td>
<td>$99,637</td>
<td>$478,926</td>
<td>$209,131</td>
<td>$217,174</td>
</tr>
<tr>
<td>Classified Fringe Benefits at 22.72%</td>
<td>$44,240</td>
<td>$13,856</td>
<td>$22,638</td>
<td>$108,812</td>
<td>$47,515</td>
<td>$49,742</td>
</tr>
<tr>
<td>Estimated CPI (Applied to Salary Only)</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>2.20%</td>
<td>2.20%</td>
</tr>
<tr>
<td>Total Calendar Year Cost</td>
<td>$239,749</td>
<td>$74,840</td>
<td>$122,275</td>
<td>$587,739</td>
<td>$256,645</td>
<td>$266,516</td>
</tr>
<tr>
<td>State Fiscal Year Cost</td>
<td>$119,965</td>
<td>$157,364</td>
<td>$98,557</td>
<td>$355,007</td>
<td>$422,192</td>
<td>$261,511</td>
</tr>
</tbody>
</table>

*Preliminary S-275 data shows 1,214 individuals (439 A FTE) are paid a wage less than $12 per hour.
**Brief Description:** Increasing the minimum hourly wage to twelve dollars over four years.


**Brief Summary of Bill**

- Increases the state minimum hourly wage to $12 over the course of four years.

**Hearing Date:** 1/26/15

**Staff:** Trudes Tango (786-7384).

**Background:**

Employers covered under the state Minimum Wage Act are required to pay employees age 18 or older at least the minimum hourly wage. Each year, the minimum hourly wage rate is adjusted for inflation using the consumer price index for urban wage earners and clerical workers (CPI-W) index.

The Department of Labor and Industries (Department) has authority to set the minimum wage rate for employees under the age of 18. The rules require that employees who are 16 and 17 years old must be paid at least the same minimum wage as adults. Employees under the age of 16 must be paid at least 85 percent of the minimum wage rate.

The current state minimum hourly wage is $9.47. The federal minimum wage is $7.25.

**Summary of Bill:**

___

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.
The state minimum hourly wage is increased to $12 over the course of four years, as follows:

- Beginning January 1, 2016: $10.00
- Beginning January 1, 2017: $10.50
- Beginning January 1, 2018: $11.00
- Beginning January 1, 2019: $12.00
- Beginning January 1, 2020, and thereafter: rate adjusted for inflation.

**Appropriation:** None.

**Fiscal Note:** Requested on January 20, 2015.

**Effective Date:** The bill takes effect on January 1, 2016.
Title: An act relating to increasing the minimum hourly wage to twelve dollars over four years, without creating new exemptions.

Brief Description: Increasing the minimum hourly wage to twelve dollars over four years.


Brief History:
Committee Activity:
  Labor: 1/26/15, 1/29/15 [DP];
  Appropriations: 2/16/15, 2/19/15 [DP].

Floor Activity:

Brief Summary of Bill
  • Increases the state minimum hourly wage to $12 over the course of four years.

HOUSE COMMITTEE ON LABOR

Majority Report: Do pass. Signed by 4 members: Representatives Sells, Chair; Gregerson, Vice Chair; Moeller and Ormsby.

Minority Report: Do not pass. Signed by 3 members: Representatives Manweller, Ranking Minority Member; G. Hunt, Assistant Ranking Minority Member; McCabe.

Staff: Trudes Tango (786-7384).

HOUSE COMMITTEE ON APPROPRIATIONS

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.
**Majority Report**: Do pass. Signed by 18 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Carlyle, Cody, Dunshee, Hansen, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, Pettigrew, Sawyer, Senn, Springer, Sullivan, Tharinger and Walkinshaw.

**Minority Report**: Do not pass. Signed by 12 members: Representatives Chandler, Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Condotta, Dent, Haler, G. Hunt, MacEwen, Magendanz, Schmick, Taylor and Van Werven.

**Minority Report**: Without recommendation. Signed by 3 members: Representatives Parker, Assistant Ranking Minority Member; Fagan and Stokesbary.

**Staff**: David Pringle (786-7310).

**Background**:  
Employers covered under the state Minimum Wage Act are required to pay employees age 18 or older at least the minimum hourly wage. Each year, the minimum hourly wage rate is adjusted for inflation using the consumer price index for urban wage earners and clerical workers (CPI-W) index.

The Department of Labor and Industries (Department) has authority to set the minimum wage rate for employees under the age of 18. The rules require that employees who are 16 and 17 years old must be paid at least the same minimum wage as adults. Employees under the age of 16 must be paid at least 85 percent of the minimum wage rate.

The current state minimum hourly wage is $9.47. The federal minimum wage is $7.25.

**Summary of Bill**:  
The state minimum hourly wage is increased to $12 over the course of four years, as follows:
- beginning January 1, 2016 - $10.00;
- beginning January 1, 2017 - $10.50;
- beginning January 1, 2018 - $11.00;
- beginning January 1, 2019 - $12.00;
- beginning January 1, 2020; and
- thereafter: rate adjusted for inflation.

**Appropriation**: None.

**Fiscal Note**: Available.

**Effective Date**: The bill takes effect on January 1, 2016.

**Staff Summary of Public Testimony** (Labor):

(In support) If a person works full time, he or she should be able to pay basic necessities like rent and food, but today people making minimum wage still have to rely on government assistance to get by. When money is tight, people become marginalized in the community.
Increasing the minimum wage makes the local community healthier and benefits local businesses. There are costs to businesses, but the benefits outweigh the costs. Giving people dignity and more money will not hurt businesses; it will create healthy communities where everyone can succeed. Retaining employees is critical for a business. The phase-in of the increase is a responsible approach and makes it easier for small businesses. Minimum wage workers cannot afford to support themselves and pay debts. Raising the wage to $12 is a good step. In the 1980s, minimum wage had enough buying power, but that is not so in today's dollars. Raising the minimum wage would mean about $350 more in earnings per month for workers. That could make a difference for people living on the edge and relying on government services. Service workers, who are usually the minimum wage workers, are an invisible class and are not valued.

(Opposed) Businesses depend on having a consistent and level playing field when operating in the state. Washington has the highest minimum wage in the country and raising it will have real costs to small businesses. Those costs will end up being passed on to vendors and suppliers. There is only so much a business can pass on to consumers. When small businesses close in communities, those businesses don't return. Seattle may have raised its minimum wage, but outside of Seattle the economic recovery is very slow. Employers offer great benefits, like health insurance, and those benefits should be considered in the minimum wage. Raising the minimum wage could increase youth unemployment, making it harder for youth to get their first job or any job. Wage increases should be tied to increases in education and skills. Benefits and tips should be counted or else employers may not be able to offer those benefits and the increase in wages may end up not improving the employees' standard of living. Restaurants operate on less than a 5 percent profit margin. The restaurant industry would be impacted negatively. Small grocery stores would not be able to compete with national chain grocers that are able to more easily absorb the costs because of the volume of their business. Increasing the minimum wage for employees also means increasing the amount of taxes the employer must pay. Raising the minimum wage would increase the cost and complexity of the agricultural industry.

Staff Summary of Public Testimony (Appropriations):

(In support) If a person works hard, and works full-time, the current minimum wage will only provide about $1,600, and that is not enough for basic needs. This bill helps those at the very bottom of the economic ladder. Eighty-five percent of those earning the minimum wage are over age 18, so it is wrong to characterize minimum wage as a training wage. This minimum wage increase is good for the economy. Evidence supports that a wage boost like this is spent in the economy immediately, and will have no impact on employment levels. This change will also reduce inequalities, and move families just over the poverty line. Some Walmart employees are not paid right for the work they perform. Sick leave and wages have been stolen. Overtime has not been paid. Walmart has fired employees. Some Macy's holiday temporary employees, for over a 3-month period, only make $800 gross per month. Some people would like to see the minimum wage raised so workers can support themselves and their families. Mental health workers are also low-wage workers. The minimum must go up so staff can be retained to protect vulnerable populations. In 1961 the $1.61 minimum wage bought 20 chocolate bars. Today the same hour of minimum wage work wouldn't buy nearly so many—it has not kept up. So many people who support this bill cannot afford to take time off to come here and testify. After years of being considered "entry level," some
decide to open their own businesses, but businesses won't survive if neighbors can't use the services. This bill is about dignity and doing the right thing. Please support people having the bare necessities after working hard all day. This bill is like "trickle-up" economics: give more to those at the bottom, and they can spend more at local businesses. Being at this hearing is costing some people their daily wages. At $10 per hour, and it is hard to buy enough food to keep families with kids healthy. Some parents skip meals, and have to limit what their kids eat. The changes in this bill could give people almost $100 more per month and help workers provide more for their kids and maybe save a little. This is a challenge—Washington already has shown that you can raise poverty wages without destroying businesses. Some workers barely make ends meet, and can't begin to pay student loans. This probably doesn't represent the values of our state. Some working students, support increasing the minimum wage to $12, but eventually increasing it to $15. We should be working to live, not living to work. Poverty is still on the rise in Washington. Living on the minimum wage is stressful, and makes it difficult to earn enough to feed one's own self. Maintaining grades is impossible because of the long hours that must be support one's own self. A women owned a deli and had 3 employees. She provided them sick leave, and because she treated them well, when she fell ill they helped her out. This is a sensible proposal that gets people closer to a living wage. The restaurant industry is expected to grow at 10 percent per year, but many workers live below the poverty line. Restaurant workers use food stamps at twice the rate of the rest of the population, which is ironic for food servers. More income during working years means more money available during retirement as an alternative to state support.

(Opposed) The independent grocers have small profit margins, and this minimum wage increase will hurt them; a lot of businesses will just cease to exist. What will the cost be to the state? A possible $235 million vendor rate increase just in the first year? Also, concerns about the impact on the Unemployment Insurance Trust Fund are raised by the fiscal note. The private sector impact of this bill is not reflected in the fiscal note at all. Statements about no impact to the private sector seem inconsistent with the impacts to the state illustrated in the fiscal note. Casino employees work for hourly wages plus tips. When the wages are raised for the lowest paid workers, those above them must go up too. At about 100 employees per casino location, there is little flexibility and the price of a $1 chip cannot go up.

**Persons Testifying (Labor):** (In support) Representative Farrell, prime sponsor; Luke Bridges, Working Washington; Dan Olmstead, Poverty Bay Coffee; Tiffany Turner, Adrift Hotel; Sarajane Siegfried, King County Democrats; Laura Waite and Don Orange, Main Street Alliance; Spencer Baldwin; Nathan Ward; Jessica Field; and Isel Solis.

(Opposed) Robert Battles, Association of Washington Business; Jasmine Donovan, Dicks Drive-In; JoReen Brinkman, Subway Restaurant; Robert Blue, Shining Ocean Incorporated; Bruce Beckett and Bob Mandell, Washington Restaurant Association; Scott Dilley, Washington Farm Bureau; Kelly Chambers, Visiting Angels Home Care; Patrick Conner, National Federation of Independent Business; and Carolyn Logue, Washington Food Industry Association.

**Persons Testifying (Appropriations):** (In support) Representative Farrell, prime sponsor; Lori Pfingst, Budget Policy Center; Marilyn Watkins, Economic Opportunity Institute;
Andrea Schmitt, Columbia Legal Services; Gerry Paladan; Wendy Brown; Jesse Inman, Downtown Emergency Services Center; Kyong Berry; Don Orange, Hoesly Eco Auto; Laura Waite, Jay's Professional Auto; Dan Olmstead, Poverty Bay Coffee Company; Lilia Montes; Samuel Stubbins; Liz Atkinson-Pattinson; Klayson Braga; Kristen Rowe Finkbiener, MomsRising; Joan Lankford; Anne Guerrein; Bianca Bailey; Autumn Brown; Michelle Thomas, Housing Action Fund; Juanita Maestas; Alex Hur, Statewide Poverty Action; Rachel Dehn, Restaurant Opportunity Center; and Michael Warren, Puget Sound Advocates for Retirement Action.

(Opposed) Mark Johnson, Washington Retail Association; Carolyn Logue, Washington Food Industry; Bob Battles, Association of Washington Business; and Dolores Chiechi, Recreational Gaming Association.

**Persons Signed In To Testify But Not Testifying (Labor):** Monique Trudnowsia, Adriatic Grill; and Jolinda Stephens, Unitarian Universalist Voices for Justice.

**Persons Signed In To Testify But Not Testifying (Appropriations):** None.
Title:  An act relating to increasing the minimum hourly wage to twelve dollars over four years, without creating new exemptions.

Brief Description:  Increasing the minimum hourly wage to twelve dollars over four years.


Brief History:  Passed House: 3/03/15, 51-46.
Committee Activity: Commerce & Labor: 3/30/15.

SENATE COMMITTEE ON COMMERCE & LABOR

Staff:  Richard Rodger (786-7461)

Background:  Employers covered under the state Minimum Wage Act are required to pay employees age 18 or older at least the minimum hourly wage.  Each year the minimum hourly wage rate is adjusted for inflation using the consumer price index for urban wage earners and clerical workers (CPI-W) index.

The Department of Labor and Industries has authority to set the minimum wage rate for employees under the age of 18.  The rules require that employees who are 16 and 17 years of age be paid at least the same minimum wage as adults.  Employees under the age of 16 must be paid at least 85 percent of the minimum wage rate.

The current state minimum hourly wage is $9.47.  The federal minimum wage is $7.25.

Summary of Bill:  The state minimum hourly wage is increased to $12 over the course of four years, as follows:
   • beginning January 1, 2016 – $10.00;
   • beginning January 1, 2017 – $10.50;
   • beginning January 1, 2018 – $11.00;
   • beginning January 1, 2019 – $12.00; and

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.
• beginning January 1, 2020, and thereafter, the rate is adjusted for inflation.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on January 1, 2016.

**Staff Summary of Public Testimony:** PRO: The success of small businesses depends on how much consumers have in their pocket. In the state, 500,000 workers will benefit from this bill by the time it is fully implemented. It will provide $350 per month in added wages for a minimum wage worker; which is a life-changing wage. Increasing the minimum wage is supported by 2600 small businesses. It is not possible to support a family on the current wage and this bill is a start, but it is not enough. Real world evidence shows that increased minimum wages benefit the economy and have no impact on employment. Fourteen states raised their minimum wage in 2014. The $12 wage is the minimum necessary to provide self-sufficiency and reward human activity. Low-wage workers are the basis of our economy. A great deal of these workers are over age 30, single mothers, and support families. We need a livable wage of $15 per hour. Our customers pay for our services with wages, salaries, or social security, not profits and dividends. Minimum wages have gone up six times over the same period costs of everything else have gone up 20 times. The Economic Policy Institute report found that between 1979–2012, income for the bottom 99 percent in Washington went down 3.4 percent, while the top 1 percent's income went up 188.5 percent.

CON: We provide our workers with many benefits such as health care, scholarships, and others that when combined would exceed the $15 per hour straight wage. We can raise the minimum wage that saves local jobs and upgrades their education and skills. A $12 wage will make it difficult for at-risk youth to get jobs. An economic impact study shows that increased costs reduces flexibility for small businesses and that 16,000 jobs will be lost in Washington with passage of this bill. A $12 wage would take all of our profits and we can't raise prices because our customer would just go across to Idaho where their costs are lower with a $7.25 wage, plus a tip credit. Every time the minimum wage goes up, we have to raise the wages for all our employees to maintain the differential they deserve. As wages go up, costs just go up to take away the wage increase. We can't hire entry-level youth at these wages and the jobs will go to people who are age 21. Sixteen year olds are just learning the soft skills of work and shouldn't be paid $12 per hour. The bill needs some compromise for tipped employees, and then to be passed to avoid an initiative establishing even a higher wage. The bill fails to take into account the true costs of additional fees and benefits paid by employers for health care, sick leave, retirement, and bonuses. There needs to be consideration of teen wages and training wages. We already have an indexed minimum wage that is supposed to solve these problems. International competition in agriculture makes it impossible to pass these costs along.

**Persons Testifying:** PRO: Representative Farrell, prime sponsor; Jolinda Stephens, WA State Unitarian Universalist Voices for Justice; Teague Crenshaw, Associated Students of
Bellevue College, Vice President of Legislative Affairs; Melantha Jenkins, Associated Student Government President; Marilyn Watkins, Economic Opportunity Institute; Lori Pfingst, Budget and Policy Center; Michael Ramos, Church Council of Greater Seattle; Tiffany Turner, Main Street Alliance, business owner; Lily Montes, Service Employees International Union (SEIU) 775; Demetrius Bolden, Safeway employee, United Food and Commercial Workers (UFCW) 21 member; Liz Atkinson-Pattinson, Nick Powell, Olive Garden worker, Working WA; Don Orange, Dan Olmstead, Main Street Alliance, small business owners; Phil Anderson, home care worker, SEIU 775; Tali Weitzman, Taco Bell employee, Working WA; Samantha Chase, Haggen employee, UFCW 21 member.

CON: Patrick Connor, National Federation of Independent Business, WA; Jasmine Donavan, Dicks Drive In; JoReen Brinkman, JCB Hospitality; Robert Bleu, Shining Ocean; Madeline White, Merle Norman Cosmetics; Don Stolz, Stolz NW Grocery Stores; Victor Mena, Recreational Gaming Assn.; Tracey Larsen, owner, Pacific Dairy Queen; Carolyn Logue, WA Food Industry Assn.; Bob Battles, Assn. of WA Business; Scott Dilley, WA Farm Bureau.

Persons Signed in to Testify But Not Testifying: No one.