

HOUSE BILL REPORT

HB 1393

As Reported By House Committee On:
Commerce & Labor

Title: An act relating to periodic adjustments of the state minimum wage.

Brief Description: Providing for periodic adjustments of the state minimum wage.

Sponsors: Representatives G. Cole, Heavey, King, Franklin, Jones, Dunshee, Romero, Quall, Thibaudeau, Veloria, Appelwick, R. Johnson, Wolfe, Wood, Rust, Pruitt, Leonard, Basich, Wineberry, Ogden, R. Meyers, Wang, Scott, Cothorn, Kessler, Flemming, Johanson, Conway, J. Kohl and Anderson.

Brief History:

Reported by House Committee on:
Commerce & Labor, February 26, 1993, DPS.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Heavey, Chair; G. Cole, Vice Chair; Conway; King; Springer; and Veloria.

Minority Report: Do not pass. Signed by 3 members: Representatives Lisk, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; and Horn.

Staff: Chris Cordes (786-7117).

Background: Both federal and state law specify the minimum wage that may lawfully be paid to covered employees. Under Initiative 518, the Washington State minimum wage was increased on January 1, 1990, to \$4.25 an hour. The state law does not specify further adjustments to the minimum wage rate, but does require periodic review of the issue by the Office of Financial Management.

Since April 1, 1991, the federal minimum wage has been \$4.25 per hour.

Summary of Substitute Bill: The state minimum wage is changed from \$4.25 per hour to \$4.90 per hour on July 1, 1993. Beginning on July 1, 1994, the rate will be adjusted

based on changes in the consumer price index for the Seattle-Everett metropolitan statistical area.

Substitute Bill Compared to Original Bill: The substitute bill changes the minimum wage adjustment for July 1, 1993, from \$5.00 to \$4.90, changes the adjustment for July 1, 1994, from \$5.75 to an annual adjustment based on the consumer price index for the Seattle-Everett metropolitan statistical area, and deletes the adjustments beginning July 1, 1995, that would have been based on the state average wage.

Fiscal Note: Requested February 5, 1993.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 1993.

Testimony For: A person working at the minimum wage cannot support a family, especially if the worker is a single parent who must pay for child care. Women are disproportionately affected by the low minimum wage. For workers in a profession that pays minimum wage, such as child care workers, the low wage rate results in high turnover and poorly trained workers. The current minimum wage has not kept up with inflation. Families cannot maintain self-sufficiency without a reasonable wage base. If business is paying a reasonable wage, it helps stabilize the workforce.

Testimony Against: In the restaurant industry, workers receive extra compensation in addition to wages, including meals and uniform allowances. This additional compensation should be recognized, as it is in other laws. An increase in the wage rate to \$4.75 per hour would account for inflation, but making the change in July is too soon to be in any employer's budget. Employers need a lower wage for new workers who must be trained. If the state minimum wage is too high, some industries cannot compete effectively for workers.

Witnesses: (In favor): Carolyn Brier; Charlotte Dedman; Ann Simons, Washington Women United; Steve Lansing, Lutheran Public Policy Office; Catherine Pottinger; Baurice Nelson; Jeff Johnson, Washington State Labor Council; Steve Aldrich, Hotel and Restaurant Employees; and Peggy Papsdorf, Campaign for Working Families. (Opposed): Ray Lindstrom and John Senner, Restaurant Association of Washington; and Frank Delong, Washington Horticultural Association.