

SENATE BILL REPORT

ESSB 5697

As Passed Senate, February 10, 2004

Title: An act relating to modifying the inflationary adjustment to the minimum wage.

Brief Description: Modifying the inflationary adjustment to the minimum wage.

Sponsors: Senate Committee on Commerce & Trade (originally sponsored by Senators Hewitt, T. Sheldon, Hale, Mulliken, Rasmussen, Parlette, Swecker, Oke, Deccio, Sheahan, Stevens, Honeyford and Morton).

Brief History:

Committee Activity: Commerce & Trade: 2/6/03, 2/26/03 [DPS, DNP].

Passed Senate: 3/12/03, 25-24; 2/10/04, 27-22.

SENATE COMMITTEE ON COMMERCE & TRADE

Majority Report: That Substitute Senate Bill No. 5697 be substituted therefor, and the substitute bill do pass.

Signed by Senators Honeyford, Chair; Hewitt, Vice Chair; and Mulliken.

Minority Report: Do not pass.

Signed by Senators Franklin and Keiser.

Staff: Jennifer Strus (786-7316)

Background: Current law requires employers to pay any employee who is 18 years or older the state's adjusted minimum wage rate. "Wage" includes compensation due to an employee by reason of employment, subject to deductions, charges or allowances permitted by the Department of Labor and Industries.

The department must calculate an adjusted minimum wage rate on September 30 of each year. The department must increase the current year's minimum wage rate by the rate of inflation.

Summary of Bill: The Legislature declares that mandatory minimum wage increases, combined with other factors, force businesses to eliminate jobs and hire fewer employees. The minimum wage rate must be adjusted by the rate of inflation for those months that the Washington employment rate was lower than the national employment rate.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Sections 2 and 4 contain an emergency clause and take effect immediately. Section 3 of this act takes effect July 1, 2004.

Testimony For: The agricultural community wants to be able to keep people working. There are not many other jobs available in rural Washington. Idaho's minimum wage is \$5.15 an

hour, which makes it difficult to compete. The Legislature should consider all of the increasing costs experienced by business. Nonprofits must find extra money to pay increasing minimum wage by scrimping and saving. The increasing minimum wage forces nonprofits to decrease their total payroll. The hospitality industry has been forced to eliminate staff to address increasing costs. Remaining employees must take on additional responsibilities without an increase in pay.

Testimony Against: This legislation includes a fictitious definition of full employment. It is difficult to live on the minimum wage and workers struggle to make ends meet. The minimum wage is not sufficient for gas, dental expenses, and rent. The Legislature should honor the public's vote and protect minimum wage laws. It is important for citizens to have the ability to purchase goods and services.

Testified: David A. Thompson, Sunstone Hotels (pro); Jerri Wood, CWA St. Council (con); Michael Kepcha (con); Gary Chandler, AWB (pro); Samuel T. Martinez, Small Business (con); Suzan Carrell, Local #8; Dan Carrell, Local #8; Andrea Stephens (con); Robby Stern, WSLC (con); Mary Hearon; Bob Swanson, WA State Assn. for Community Action (con); Julie L. Watts, WA Assn. of Churches (con); Kevin Bouchey, WA Asparagus Commission (pro); Guadalupe Gamboal, United Farm Workers (con); Scott C. Dickinson, Dickinson NW, Inc. (pro); Barbara Flye, WA Citizen Action (con); Aleta Benedicto (con); Michael Gempler, WA Growers League (pro); Jim Jesernig, WA Potato and Onion Assn. (pro).