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**Commerce & Labor Committee**

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**ESSB 5551**

**Brief Description:** Studying the minimum wage.

**Sponsors:** Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Hargrove, Hewitt, Schoesler, Mulliken, Parlette and Oke).

**Brief Summary of Engrossed Substitute Bill**

- Requires the Washington State Institute of Public Policy to study issues impacted by the minimum wage and its annual increases, and to report its findings to the Legislature by December 1, 2006.

**Hearing Date:**

**Staff:** Jill Reinmuth (786-7134).

**Background:**

Employers covered under the federal Fair Labor Standards Act are required to pay their employees no less than the federal minimum wage rate. The federal minimum wage rate is currently \$5.15 per hour.

Employers covered under the state Minimum Wage Act are required to pay their employees no less than the state minimum wage rate. Pursuant to Initiative 688, the Department of Labor and Industries adjusts the state minimum wage rate for inflation each year. The state minimum wage rate is currently \$7.63 per hour.

**Summary of Bill:**

The Washington State Institute of Public Policy (Institute), in consultation with the Employment Security Department, must study the issues impacted by the minimum wage and its annual increases. The Institute must collect information for the study from both the public and the private sectors. The Institute must report its findings to the Legislature by December 1, 2006.

The study should address:

1. the impact of the minimum wage on job creation and job loss;
2. the role of the minimum wage on the purchasing power of low-income workers, as well as the effect of the minimum wage on the poverty rates of low-income workers;
3. wage compression resulting from minimum wage increases;
4. demographic analysis of persons earning \$8.35 per hour or less;

5. the extent to which the minimum wage is paid in various industries and occupations;
6. differences in economic activity attributed to minimum wage increases;
7. economic activity and wage progression in industries with large numbers of low-wage workers;
8. the impact of the minimum wage on state unemployment;
9. a summary of actions taken by other states regarding their minimum wage laws; and
10. the impact of a minimum tipped wage.

**Rulemaking Authority:** The bill does not contain provisions addressing the rule-making powers of an agency.

**Appropriation:** None.

**Fiscal Note:** Available for Senate Bill 5551.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.