
**Labor & Workforce Development
Committee**

HB 1597

Brief Description: Achieving economic security through income sufficient to meet basic needs.

Sponsors: Representatives Miloscia, Green, Ormsby, Moeller, Reykdal, Hunt, Dickerson, Appleton, Ryu, Hasegawa, Pettigrew, Fitzgibbon and Kenney.

Brief Summary of Bill

- Specifies that, if per capita personal income for Washington satisfies two conditions, the state minimum wage rate is adjusted using the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) plus 3 percent.

Hearing Date: 2/11/11

Staff: Jill Reinmuth (786-7134).

Background:

Employers covered under the state Minimum Wage Act are required to pay employees no less than the state minimum wage rate. The state minimum wage rate is currently \$8.67 per hour; the federal minimum wage rate is currently \$7.25.

Initiative 688 requires that the state minimum wage rate be adjusted for inflation each year. The Department of Labor and Industries calculates the adjusted rate "to maintain employee purchasing power by increasing the current year's minimum wage rate by the rate of inflation" using the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), for the 12 months prior to each September 1. The adjusted rate is calculated on September 30 of each year, and takes effect on January 1 of the following year.

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.

Summary of Bill:

The Legislature declares that the minimum wage is established to allow employees to support themselves and their families with dignity. The Legislature seeks to establish a minimum wage that enables employees to provide for their families' basic needs and not rely on social services.

The rate of inflation used to adjust the state minimum wage rate for 2013 and thereafter is modified.

The adjusted rate is calculated using the increase in the CPI-W, plus 3 percent, if two conditions are satisfied:

- per capita personal income for the preceding year for Washington is greater than it was for the second preceding year; and
- per capita personal income for the preceding year for Washington is greater than for the United States.

Otherwise, the adjusted rate is calculated in the same manner as under current law, using only the increase in the CPI-W.

The bill contains a referendum clause requiring the act to be submitted to the people for adoption or rejection on the date specified by statute for the state primary.

Appropriation: None.

Fiscal Note: Requested on February 7, 2011.

Effective Date: The bill takes effect 30 days after the election at which the referendum bill is approved.