

HOUSE BILL REPORT

HB 1355

As Reported by House Committee On:
Labor

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.

Sponsors: Representatives Farrell, Jinkins, Ryu, S. Hunt, Riccelli, McBride, Stanford, Carlyle, Cody, Tharinger, Goodman, Ortiz-Self, Bergquist, Dunshee, Fitzgibbon, Peterson, Moscoso, Appleton, Sells, Pollet, Robinson, Reykdal, Walkinshaw, Wylie, Ormsby, Santos, Hudgins, Tarleton, Sawyer, Moeller, Fey, Lytton, Gregerson, Gregory, Van De Wege, Kirby, Hurst, Kilduff, Sullivan, Kagi and Springer.

Brief History:

Committee Activity:

Labor: 1/26/15, 1/29/15 [DP].

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).

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

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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: Requested on January 20, 2015.

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

Staff Summary of Public Testimony:

(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.

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