

# SENATE BILL REPORT

## HB 1355

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As of March 31, 2015

**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:** Passed House: 3/03/15, 51-46.

**Committee Activity:** Commerce & Labor: 3/30/15.

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Staff:** Richard Rodger (786-7461)

**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 adjusted for inflation using the consumer price index for urban wage earners and clerical workers (CPI-W) index.

The Department of Labor and Industries 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 of age 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; and

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*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.*

- beginning January 1, 2020, and thereafter, the rate is adjusted for inflation.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** PRO: The success of small businesses depends on how much consumers have in their pocket. In the state, 500,000 workers will benefit from this bill by the time it is fully implemented. It will provide \$350 per month in added wages for a minimum wage worker; which is a life-changing wage. Increasing the minimum wage is supported by 2600 small businesses. It is not possible to support a family on the current wage and this bill is a start, but it is not enough. Real world evidence shows that increased minimum wages benefit the economy and have no impact on employment. Fourteen states raised their minimum wage in 2014. The \$12 wage is the minimum necessary to provide self-sufficiency and reward human activity. Low-wage workers are the basis of our economy. A great deal of these workers are over age 30, single mothers, and support families. We need a livable wage of \$15 per hour. Our customers pay for our services with wages, salaries, or social security, not profits and dividends. Minimum wages have gone up six times over the same period costs of everything else have gone up 20 times. The Economic Policy Institute report found that between 1979–2012, income for the bottom 99 percent in Washington went down 3.4 percent, while the top 1 percent's income went up 188.5 percent.

CON: We provide our workers with many benefits such as health care, scholarships, and others that when combined would exceed the \$15 per hour straight wage. We can raise the minimum wage that saves local jobs and upgrades their education and skills. A \$12 wage will make it difficult for at-risk youth to get jobs. An economic impact study shows that increased costs reduces flexibility for small businesses and that 16,000 jobs will be lost in Washington with passage of this bill. A \$12 wage would take all of our profits and we can't raise prices because our customer would just go across to Idaho where their costs are lower with a \$7.25 wage, plus a tip credit. Every time the minimum wage goes up, we have to raise the wages for all our employees to maintain the differential they deserve. As wages go up, costs just go up to take away the wage increase. We can't hire entry-level youth at these wages and the jobs will go to people who are age 21. Sixteen year olds are just learning the soft skills of work and shouldn't be paid \$12 per hour. The bill needs some compromise for tipped employees, and then to be passed to avoid an initiative establishing even a higher wage. The bill fails to take into account the true costs of additional fees and benefits paid by employers for health care, sick leave, retirement, and bonuses. There needs to be consideration of teen wages and training wages. We already have an indexed minimum wage that is supposed to solve these problems. International competition in agriculture makes it impossible to pass these costs along.

**Persons Testifying:** PRO: Representative Farrell, prime sponsor; Jolinda Stephens, WA State Unitarian Universalist Voices for Justice; Teague Crenshaw, Associated Students of

Bellevue College, Vice President of Legislative Affairs; Melantha Jenkins, Associated Student Government President; Marilyn Watkins, Economic Opportunity Institute; Lori Pfingst, Budget and Policy Center; Michael Ramos, Church Council of Greater Seattle; Tiffany Turner, Main Street Alliance, business owner; Lily Montes, Service Employees International Union (SEIU) 775; Demetrius Bolden, Safeway employee, United Food and Commercial Workers (UFCW) 21 member; Liz Atkinson-Pattinson, Nick Powell, Olive Garden worker, Working WA; Don Orange, Dan Olmstead, Main Street Alliance, small business owners; Phil Anderson, home care worker, SEIU 775; Tali Weitzman, Taco Bell employee, Working WA; Samantha Chase, Haggen employee, UFCW 21 member.

CON: Patrick Connor, National Federation of Independent Business, WA; Jasmine Donovan, Dicks Drive In; JoReen Brinkman, JCB Hospitality; Robert Bleu, Shining Ocean; Madeline White, Merle Norman Cosmetics; Don Stolz, Stolz NW Grocery Stores; Victor Mena, Recreational Gaming Assn.; Tracey Larsen, owner, Pacific Dairy Queen; Carolyn Logue, WA Food Industry Assn.; Bob Battles, Assn. of WA Business; Scott Dilley, WA Farm Bureau.

**Persons Signed in to Testify But Not Testifying:** No one.