S-0579.1

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SENATE BILL 5339**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**State of Washington 69th Legislature 2025 Regular Session**

**By** Senator Fortunato

AN ACT Relating to stabilizing minimum wage volatility by linking future increases to the federal minimum wage; amending RCW 49.46.020, 49.46.120, and 49.46.820; and creating new sections.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  The legislature finds that as of January 1, 2025, Washington maintains the highest state-mandated minimum wage in the country. The legislature further finds the minimum wage in some local jurisdictions surpasses that of the state and represents the highest of any cities in the United States.

The legislature recognizes the importance of ensuring fair compensation for workers while balancing the broader economic impacts of wage and labor policies. The legislature acknowledges that increases in the minimum wage reflect efforts to address rising costs of living. However, the legislature also finds that recent aggressive increases in the minimum wage at both the state and local level also carry inflationary consequences, which can diminish the intended purchasing power benefits and impose unintended burdens on small businesses and consumers alike.

The legislature finds that while well-intentioned, these drastic wage hikes over a short time may actually hurt the very workers they were intended to benefit. As recent research from the University of Washington indicates, these increases have reduced available hours and cost workers potential earnings. The legislature recognizes that many small businesses operate on razor-thin margins and rapid shifts in the cost of labor jeopardize the ability of these businesses to remain open. Such policies may incentivize the exact opposite behavior that they were intended to generate, as employers facing higher costs may be forced to reduce hiring, cut hours, transition to increasingly available automation, or ultimately decide on layoffs as the only ways to remain in business. The legislature further finds that these unintended consequences have an enormous disproportionate impact on young workers seeking entry-level jobs, shutting young candidates out of their first employment opportunities and stifling their potential career growth.

Therefore, the legislature seeks to address the economic and social ramifications of the current volatile state and local minimum wage policies by pausing further shifts in the minimum wage and linking future increases to more stable and uniform federal action.

**Sec.**  RCW 49.46.020 and 2019 c 236 s 2 are each amended to read as follows:

(1)(a) Beginning ((~~January 1, 2017, and until January 1, 2018, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than eleven dollars per hour.~~

~~(b) Beginning January 1, 2018, and until January 1, 2019, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than eleven dollars and fifty cents per hour.~~

~~(c) Beginning January 1, 2019, and until January 1, 2020, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than twelve dollars per hour.~~

~~(d) Beginning January 1, 2020, and until January 1, 2021, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than thirteen dollars and fifty cents per hour.~~

~~(2)(a) Beginning on January 1, 2021, and each following January 1st as set forth under (b) of this subsection, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than the amount established under (b) of this subsection.~~

~~(b) On September 30, 2020, and on each following September 30th, the department of labor and industries shall calculate an adjusted minimum wage rate to maintain employee purchasing power by increasing the current year's minimum wage rate by the rate of inflation. The adjusted minimum wage rate shall be calculated to the nearest cent using the consumer price index for urban wage earners and clerical workers, CPI-W, or a successor index, for the twelve months prior to each September 1st as calculated by the United States department of labor. Each adjusted minimum wage rate calculated under this subsection (2)(b) takes effect on the following January 1st.~~

~~(3)~~)) on the effective date of this section, every employer shall pay to each of their employees who has reached the age of 18 years wages at a rate of not less than $16.66 per hour.

(b) Beginning December 30, 2025, and each following December 30th, the department of labor and industries shall increase the minimum wage established in (a) of this subsection by a percentage equal to the percentage increase in the federal minimum wage established in federal fair labor standards act, 29 U.S.C. Sec. 206, if the federal minimum wage was increased in the preceding year. The minimum wage rate established under this subsection (1) may not be increased if the federal minimum wage was not increased in the preceding year.

(c) A local jurisdiction with, as of the effective date of this section, a minimum wage rate above $16.66 per hour may not increase its minimum wage above the rate that exists for the local jurisdiction as of the effective date of this section. If the state minimum wage rate established pursuant to (b) of this subsection subsequently exceeds the minimum wage rate of the local jurisdiction, the state minimum wage rate applies.

(2) An employer must pay to its employees: (a) All tips and gratuities; and (b) all service charges as defined under RCW 49.46.160 except those that, pursuant to RCW 49.46.160, are itemized as not being payable to the employee or employees servicing the customer. Tips and service charges paid to an employee are in addition to, and may not count towards, the employee's hourly minimum wage.

((~~(4)~~)) (3) Beginning January 1, 2018, except as provided in RCW 49.46.180, every employer must provide to each of its employees paid sick leave as provided in RCW 49.46.200 and 49.46.210.

((~~(5)~~)) (4) The director shall by regulation establish the minimum wage for employees under the age of eighteen years.

**Sec.**  RCW 49.46.120 and 2017 c 2 s 9 are each amended to read as follows:

This chapter establishes minimum standards for wages, paid sick leave, and working conditions of all employees in this state, unless exempted herefrom, and is in addition to and supplementary to any other federal, state, or local law or ordinance, or any rule or regulation issued thereunder. ((~~Any~~)) Subject to RCW 49.46.020(1)(c), any standards relating to wages, hours, paid sick leave, or other working conditions established by any applicable federal, state, or local law or ordinance, or any rule or regulation issued thereunder, which are more favorable to employees than the minimum standards applicable under this chapter, or any rule or regulation issued hereunder, shall not be affected by this chapter and such other laws, or rules or regulations, shall be in full force and effect and may be enforced as provided by law.

**Sec.**  RCW 49.46.820 and 2017 c 2 s 11 are each amended to read as follows:

The provisions of chapter 2, Laws of 2017 are to be liberally construed to effectuate the intent, policies, and purposes of chapter 2, Laws of 2017. Nothing in chapter 2, Laws of 2017 precludes local jurisdictions from enacting additional local fair labor standards that are more favorable to employees, including but not limited to more generous ((~~minimum wage or~~)) paid sick leave requirements. However, adjustments to a local jurisdiction's minimum wage rate are subject to RCW 49.46.020(1)(c).

NEW SECTION. **Sec.**  This act may be known and cited as the job loss prevention act.

**--- END ---**