

### Fiscal Estimate - 2019 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>19-4109/1</b>	<b>Introduction Number</b> <b>SB-426</b>
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**Description**  
 incentives for paying tipped employees the minimum wage, not including tips

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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**Local:**

No Local Government Costs  
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

<b>Agency/Prepared By</b> DWD/ Thomas Goodwyn (608) 267-9058	<b>Authorized Signature</b> Danielle Williams (608) 266-2284	<b>Date</b> 9/20/2019
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## Fiscal Estimate Narratives

DWD 9/20/2019

LRB Number	<b>19-4109/1</b>	Introduction Number	<b>SB-426</b>	Estimate Type	<b>Original</b>
<b>Description</b> incentives for paying tipped employees the minimum wage, not including tips					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, if an employer of a tipped employee establishes in payroll records that, when adding the tips received by the employee to the wages paid to the employee, the tipped employee receives not less than the applicable minimum wage (generally \$7.25 per hour), then the minimum wage rate for the tipped employee is \$2.33 per hour.

This bill creates a sales tax retention program allowing an employer of a tipped employee to retain the state sales taxes the employer collects during any reporting period if the employer establishes, by the employer's payroll records, that at least 5 percent of the wages the employer pays to the tipped employee is derived from tips and that the employer pays the tipped employee not less than the minimum wage of \$7.25 per hour, excluding tips.

The bill provides a sequence of monetary penalties paid to the Wisconsin Department of Revenue if the employer retains the taxes for any period for which the employer cannot establish the criteria in the sales retention program.

The Department of Workforce Development (DWD) Equal Rights Division does not anticipate a significant workload increase in additional minimum wage complaints as a result of this legislation. There would be one-time costs to revise education materials and publications. These costs are absorbable within the agency's operating budget. As written, the bill does not specify DWD's role in the sales tax retention program. Therefore, any departmental resources or costs associated with the administration of that program are indeterminate at this time.

### Long-Range Fiscal Implications