

Fiscal Estimate Narratives

DWD 2/17/2009

LRB Number	09-1018/1	Introduction Number	AB-0041	Estimate Type	Original
Description A state minimum wage, permitting the enactment of local living wage ordinances, and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

AB 41, if enacted into law, would increase Wisconsin's minimum wage for adults in non-agricultural occupations to \$7.60 per hour on June 1, 2009 or upon enactment, whichever comes later. The legislation also requires the department to annually adjust the minimum wage rate based upon the cost of living. The legislation further permits local municipalities to establish minimum wage ordinances that set minimum wage rates higher than the state minimum wage rate.

Passage of this bill will result in fewer than 20 additional minimum wage complaints filed with the department each year. The department bases this assumption upon its recent experiences with the 2005 and 2006 minimum wage increases where the department raised Wisconsin's minimum wage above the federal rate. Those increases led to an additional 20 minimum wage complaints per year filed with the department. Since the department annually processes about 4,000 unpaid wage complaints per year the department believes it can absorb the additional workload.

The cost of updating the minimum wage rates in the administrative rule, reprinting the new rule and publicizing the new rule will be about \$1,500 for the initial year and be a recurring annual expense in subsequent years.

If local government units choose to employ workers at the minimum wage the cost to employ those workers will increase from \$7.25 per hour [the new federal minimum wage July 24, 2009] to \$7.60 per hour for adults. For persons under 18 years of age the \$6.90 rate included in AB 41 will be lower than the federal minimum wage after July 24, 2009 and have no impact upon these workers. The department doesn't have any accurate figures on how many adult minimum wage employees various units employ or how many hours they may work per week. Consequently the department can't accurately assess the financial impact upon various government units.

Long-Range Fiscal Implications

The annual cost of updating the minimum wage will continue to cost the department about \$1,500 per year to update the administrative code and minimum wage brochures and to publicize the new rates each year.

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description A state minimum wage, permitting the enactment of local living wage ordinances, and granting rule-making authority			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$1,500 will be needed to update Wisconsin's minimum wage regulations, reprint copies of the administrative code and minimum wage literature and to produce the new minimum wage rates.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$0	\$0	
(FTE Position Changes)	(0.0 FTE)	(0.0 FTE)	
State Operations - Other Costs	0	0	
Local Assistance	0	0	
Aids to Individuals or Organizations	0	0	
TOTAL State Costs by Category	\$0	\$0	
B. State Costs by Source of Funds			
GPR	0	0	
FED	0	0	
PRO/PRS	0	0	
SEG/SEG-S	0	0	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$0	\$0	
GPR Earned	0	0	
FED	0	0	
PRO/PRS	0	0	
SEG/SEG-S	0	0	
TOTAL State Revenues	\$0	\$0	
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$0	\$	
NET CHANGE IN REVENUE	\$0	\$	
Agency/Prepared By		Authorized Signature	Date
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