



## Fiscal Estimate Narratives

DWD 2/13/2014

LRB Number	13-3599/1	Introduction Number	AB-0686	Estimate Type	Original
<b>Description</b> State minimum wage, extending the time limit for emergency rule procedures, providing an exemption from emergency rule procedures, providing an exemption from rule-making procedures, and requiring the exercise of rule-making authority					

### Assumptions Used in Arriving at Fiscal Estimate

The current minimum wage law requires employers to pay a living wage to their employees. Under that law, the Department of Workforce Development provides, by rule, various types of employee exemptions from the minimum wage law. Under AB 686, the Department of Workforce Development (DWD) will continue to provide these exemptions. However, for employees generally and for tipped employees AB 686 sets new minimum wages. Three years after AB 686's effective date, DWD will be required to promulgate rules revising the minimum wages established under AB 686 using a formula based on the consumer price index for that year and the preceding year. For tipped employees AB 686 would require DWD to increase the minimum wage by 95 cents each year until the minimum wage for tipped employees equals 70 percent of the minimum wage for employees generally.

The annual changes in minimum wage rates by AB 686 would result in DWD updating, printing and distributing posters and brochures on an annual basis at a projected cost of \$16,000. DWD Equal Rights Division also projects AB 686 would result in about 200 more complaints in the first year because the state minimum wage rates would be higher than the federal rates. This increased complaint workload would require an additional Equal Rights Officer (1.0 FTE) be added to the Equal Rights Division at a cost of \$64,122.

There would be minimal costs associated with the annual rulemaking process. The Equal Rights Division could absorb the minor rulemaking costs in its budget.

Local governments that employ people at the current minimum wage would have to raise the wage rate each year. The Equal Rights Division does not have a count of the number of local employees that would be affected. Therefore, the cost to local governmental units cannot be estimated.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>Description</b> State minimum wage, extending the time limit for emergency rule procedures, providing an exemption from emergency rule procedures, providing an exemption from rule-making procedures, and requiring the exercise of rule-making authority			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$45,100	\$
	(FTE Position Changes)	(1.0 FTE)	
	State Operations - Other Costs	35,022	
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$80,122</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR	80,122	
	FED		
	PRO/PRS		
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$80,122	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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