

Department of Planning and Budget 2006 Fiscal Impact Statement

1. Bill Number: HB539

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Callahan

3. Committee: Commerce and Labor

4. Title: Minimum wage

5. Summary/Purpose: The bill increases the minimum wage from its current federally mandated level of \$5.15 per hour to \$6.15 per hour effective July 1, 2006; to \$7.15 per hour effective July 1, 2007; and to \$8.15 per hour effective July 1, 2008. For subsequent years, the minimum wage will be adjusted annually on July 1 to reflect changes in the Consumer Price Index for the preceding calendar year, as determined by the Commissioner of Labor and Industry.

6. Fiscal Impact: The bill will have a fiscal impact for the state to bring hourly employees of the Commonwealth, who are currently making less than the set minimums, up to the limits established in the bill. In addition, costs to the Commonwealth will rise annually to reflect the annual adjustment provisions of the bill.

The Department of Labor and Industry estimates that investigation of payment of wages complaints would increase as a result of this bill. The agency may require one additional labor law position, and other costs associated with investigations, such as travel, would increase. These costs may not be quantified at this time. In addition, public education may be necessary to inform employers about the provisions of the bill. Such a public education campaign is estimated to cost at least \$15,000.

7. Budget amendment necessary: Yes. Increasing the minimum wage would require additional appropriation for each state agency with employees currently paid minimum wage. The Department of Labor and Industry will need additional appropriation for labor law services, Item 110 of HB 30.

8. Fiscal implications: See item 6.

9. Specific agency or political subdivisions affected: Commonwealth agencies, Department of Labor and Industry.

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 1/23/06 kbs

Document: G:\06 Fis\Dli\Hb539.Doc

cc: Secretary of Commerce and Trade