

## Department of Planning and Budget 2016 Fiscal Impact Statement

1. **Bill Number:** HB988

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

2. **Patron:** Lopez

3. **Committee:** Commerce and Labor

4. **Title:** Minimum wage.

5. **Summary:** Provides that the cash wage paid to a tipped employee shall not be less than \$5.00 per hour and that the tip credit shall equal the difference between the \$5.00 cash wage required to be paid to a tipped employee and the minimum wage. Under current federal law, the minimum cash wage for tipped employees is \$2.13 and the maximum tip credit that an employer can currently claim is \$5.12 per hour based on a minimum wage of \$7.25 per hour.

6. **Budget Amendment Necessary:** Yes, Item 115 (HB30/SB30).

7. **Fiscal Impact Estimates:** Preliminary.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2016		0	
2017	\$99,119	1	GF
2018	\$99,119	1	GF
2019	\$99,119	1	GF
2020	\$99,119	1	GF
2021	\$99,119	1	GF
2022	\$99,119	1	GF

8. **Fiscal Implications:** The Labor Law Division in the Department of Labor and Industry would have to begin enforcing the new minimum wage for tipped employees beginning July 1, 2016. A tipped employee is an employee engaged in an occupation in which the employee customarily and regularly receives more than \$30 a month in tips. Currently, the Department of Labor and Industry (DOLI) does not conduct inspections into tipped minimum wage as there is no tipped employee wage law in Virginia. DOLI anticipates about 125 inspections into tipped minimum wage allegations. The additional workload cannot be absorbed with existing resources, as DOLI currently has a backlog of investigations in the Labor Law Division. The fiscal impact is for regulatory enforcement of the bill.

9. **Specific Agency or Political Subdivisions Affected:** Department of Labor and Industry.

10. **Technical Amendment Necessary:** No.

**11. Other Comments:** This bill is similar to SB88. SB88 provides that the cash wage paid to a tipped employee shall not be less than 50 percent of the minimum wage and that the tip credit shall equal the difference between the cash wage required to be paid to a tipped employee and the minimum wage.