

## Department of Planning and Budget 2018 Fiscal Impact Statement

**1. Bill Number:** HB1259

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

**2. Patron:** Krizek

**3. Committee:** Commerce and Labor

**4. Title:** Minimum wage; exclusions; tips.

**5. Summary:** Excludes any tips received by an employee when determining the amount of wages paid by an employer to its employee under the Virginia Minimum Wage Act (the Act). The measure provides that the Act applies to the following employees who are currently excluded: (i) any person employed as a farm laborer or farm employee; (ii) newsboys, shoe-shine boys, caddies on golf courses, ushers, doormen, concession attendants, and cashiers in theaters; (iii) taxicab drivers and operators; (iv) any person whose employment is covered by the federal Fair Labor Standards Act; and (v) employees of state agencies and local governments. The measure also provides that the Act applies to a person whose earning capacity is impaired by physical deficiency, mental illness, or intellectual disability with respect to services provided on and after July 1, 2020.

**6. Budget Amendment Necessary:** Yes, Item 112 (HB/SB30). See Item 8, below

**7. Fiscal Impact Estimates:** Preliminary. See Item 8, below.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018	0	0	n/a
2019	\$103,071	1.0	GF
2020	\$103,071	1.0	GF
2021	\$103,071	1.0	GF
2022	\$103,071	1.0	GF
2023	\$103,071	1.0	GF
2024	\$103,071	1.0	GF

**8. Fiscal Implications:** The bill requires the Department of Labor and Industry (DOLI) to enforce this provision. According to the U.S. Department of Commerce, Bureau of Economic Analysis, there were 51,631 farm employees in Virginia in 2016. In calendar year 2017, DOLI received 28,800 contacts for payment of wages from the nonfarm employment of 3.9 million in Virginia. Applying this ratio to the number of farm employees, DOLI anticipates receiving approximately 380 contacts to which the agency must respond. Based on the number of founded payment of wage complaints DOLI receives from the nonfarm employment, DOLI anticipates conducting over 200 investigations and would need an

additional investigator as minimum wage cases are handled like payment of wage cases as the employee is claiming they did not receive all wages owed. It is anticipated that complaints from farm employees will comprise the majority of additional contacts.

The Department of Human Resource Management (DHRM) does not anticipate any impact to the state classified workforce budget from this bill to exclude tips from the base wages of employees. DHRM does not anticipate that any classified employees currently have tips included in their base wages. There is a potential fiscal impact to wage employee budgets at some state agencies, which is indeterminate.

**9. Specific Agency or Political Subdivisions Affected:** Department of Labor and Industry; Department of Human Resource Management; all state agencies.

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

**11. Other Comments:** Other similar minimum wage bills include HB39, HB518, HB715, SB58, SB240, and SB251.