

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: HB39

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: Levine

3. Committee: Rules

4. Title: Minimum wage, local alternative; establishes procedure by which wage may be imposed in any locality.

5. Summary: Establishes a procedure by which a local alternative minimum wage may be imposed in any locality. If imposed by ordinance of the local governing body the alternative minimum wage requirement shall become effective on the July 1 that follows delivery of a certified copy of the ordinance to the Commissioner of Labor and Industry. A local alternative minimum wage requires every employer to pay to each of his employees, for work performed by them within the locality, wages at a rate to be determined by local ordinance beginning July 1, 2019. In subsequent fiscal years, the maximum local alternative minimum wage shall be adjusted based on changes in the consumer price index. If the federal minimum wage exceeds the levels specified in an alternative local minimum wage requirement, the federal minimum wage will prevail.

6. Budget Amendment Necessary: No.

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

8. Fiscal Implications: The fiscal impact to the Department of Labor and Industry (DOLI) is indeterminate as the number of localities that would adopt a local ordinance establishing a local minimum wage is unknown, the number of employees it would affect is unknown, and the number of inspections DOLI would be required to conduct is unknown. The Labor Law Division in DOLI would have to enforce the new minimum wage for local governments that adopt it. It is anticipated that the enactment of a local ordinance would require additional resources from DOLI for enforcement which are indeterminate and would depend on the number of localities that adopt such an ordinance.

Assuming the three largest localities in Virginia adopt a local ordinance establishing a local minimum wage, the agency anticipates about 133 local minimum wage inspections. In this case, DOLI would need an additional labor law inspector at a cost of \$103,071 per year beginning in FY 2019. If only one or two localities adopt a local ordinance establishing a local minimum wage, DOLI anticipates about 35 to 40 local minimum wage inspections. In this case, DOLI may only need part-time assistance in conducting local minimum wage inspections.

The fiscal impact for the Department of Human Resource Management is also indeterminate. Any change to minimum wage in a locality may impact state agencies with operations in that locality.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.