

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: SB704

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

2. Patron: Favola

3. Committee: Commerce and Labor

4. Title: Alternative local minimum wage; establishes procedure which wage may be imposed in any locality.

5. Summary: Establishes a procedure by which an alternative local minimum wage may be imposed in any locality. Adoption of an alternative minimum wage requirement requires majority approval by the voters in a local referendum. If approved at a referendum and imposed by ordinance of the local governing body, the alternative minimum wage requirement shall become effective on the July 1 that follows delivery to the Commissioner of Labor and Industry of certified copies of certain documents. An alternative local minimum wage requires every employer to pay to each of his employees, for work performed by them within the locality, wages at a rate not less than (i) \$8.25 per hour during the first 12 months the requirement is in effect; (ii) \$9.25 per hour during the following 12 months; and (iii) \$10.50 per hour thereafter. 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: Yes, Item 83 (SB800/HB1400). See Item 8, below.

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

7a. Expenditure Impact for the Department of Elections:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2015	\$0	0.00	-
2016	\$131,158	0.00	GF
2017	\$0	0.00	-
2018	\$0	0.00	-
2019	\$0	0.00	-
2020	\$0	0.00	-
2021	\$0	0.00	-

7b. Revenue Impact: None.

8. Fiscal Implications: The number of localities that would adopt a local ordinance establishing a local minimum wage and conduct a referendum is unknown and consequently the number of employees it would affect is also unknown. The Labor Law Division in the Department of Labor and Industry (DOLI) would have to enforce the new minimum wage for

local governments that adopt it. The referendum and subsequent enactment of a local ordinance would require additional resources from the agency for enforcement, which are indeterminate.

The fiscal impact for the Department of Human Resource Management is also indeterminate.

Per § 30-19.10, Code of Virginia, the State Board of Elections is required to run advertisements in state newspapers and prepare posters and pamphlets providing public notice of state referendums. The estimated cost for providing public notice for a referendum with question will be approximately \$131,158. This estimate is equal to the cost of providing public notice of a constitutional amendment on the ballot during the 2014 General Election, which included advertisements in 11 newspapers in addition to printing costs for pamphlets and posters.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.