

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: SB661

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

2. Patron: Wagner

3. Committee: Commerce and Labor

4. Title: Payment of wages.

5. Summary: Removes the exemptions that exclude newsboys, shoe shine boys, ushers, doormen, concession attendants, and theater cashiers from the Virginia Minimum Wage Act (Act). The Act's exclusion for babysitters is limited to those not employed more than 10 hours per week. The spouse, children, and parents of an individual employer are excluded from the definition of "employee" under the Act. The measure eliminates the Act's exclusion for persons employed by an employer that does not have four or more employees. The measure requires a court to award attorney fees incurred by an employee who is awarded judgment in an action for a violation of the Act; currently, awarding such fees is permitted but not required. The measure expands the information an employer is required to provide to its employees when wages are paid. Finally, the bill authorizes the Commissioner of Labor and Industry to institute proceedings and take enforcement action against an employer if he has reason to believe that the employer has engaged in a pattern or practice of violations.

6. Budget Amendment Necessary: Yes, Item 112 (HB30/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 Department of Labor and Industry (DOLI) would have to begin enforcing the new pay stub provisions and minimum wage provisions for Virginia employees beginning July 1, 2018, and would need one additional officer position to investigate minimum wage claims and respond to inquiries about the new paystub requirement.

DOLI currently receives more than 150 pay stub complaints under the current statute and estimates that the additional requirements will generate 715 more inquiries on pay stub issues as the bill lowers the threshold for coverage from employers with four employees to all employers. DOLI enforces minimum wage as a payment of wage claim because the employee did not receive the wages they were owed.

According to the Virginia Employment Commission, there were 230,000 employees working for employers of one to four employees in Virginia in the third quarter of 2017. Of this number, DOLI removed all employers with less than four employees to arrive at an estimate of 100,000 employees that may potentially be affected by this bill. DOLI currently receives 28,800 contacts for payment of wages from the employment of 3.9 million in Virginia. Applying this ratio, DOLI anticipates receiving 715 inquiries to which the agency must respond. Based on the number of founded payment of wage complaints DOLI anticipates receiving out of those contacts, DOLI anticipates conducting over 420 investigations and needing an additional officer position to respond to the inquiries about the new paystub requirements and the expanded minimum wage coverage.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.