

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2017 REGULAR SESSION**

**MEASURE**

2017 BR NUMBER **1683**

**HOUSE** BILL NUMBER **420**

RESOLUTION NUMBER \_\_\_\_\_

AMENDMENT NUMBER \_\_\_\_\_

**SUBJECT/TITLE** **An ACT relating to minimum wage for tipped employees.**

**SPONSOR** **Representative Coursey**

**NOTE SUMMARY**

FISCAL ANALYSIS:  IMPACT     NO IMPACT     INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT:  STATE     LOCAL     FEDERAL

BUDGET UNIT(S) IMPACT: **Department of Parks**

FUND(S) IMPACT:  GENERAL     ROAD     FEDERAL     RESTRICTED AGENCY \_\_\_\_\_     OTHER

**FISCAL SUMMARY**

FISCAL ESTIMATES	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
<b>REVENUES</b>			
<b>EXPENDITURES</b>		\$75,000 to \$122,000	Indeterminable
<b>NET EFFECT</b>		(\$75,000 to \$122,000)	(Indeterminable)

( ) indicates a decrease/negative

**MEASURE'S PURPOSE:** The purpose of the measure is to raise the state minimum wage for tipped employees.

**PROVISIONS/MECHANICS:** Section 1 amends KRS 337.275 to raise the state minimum wage for tipped employees to \$3 per hour beginning on the effective date of the act. Beginning on July 1, 2018, and July 1 of each year thereafter, the hourly wage is increased by the lesser of 95 cents per hour or the amount necessary for the wage to equal 70 percent of the hourly wage for non-tipped employees.

Section 2 amends KRS 337.010 to raise the applicable threshold to \$500,000.

**FISCAL EXPLANATION:** The Department of Parks is the only state agency that employs tipped employees so the fiscal impact will only affect that department. Assuming the effective date of the legislation is July 1, 2017, the projected fiscal impact of raising the state minimum wage for tipped employees to \$3 per hour in fiscal year 2017-2018 would be an increase in salary and benefit costs of approximately \$75,000 to \$122,000, depending on whether the employees are working part-time or full-time hours. The cost estimates are based on the number

of tipped employees that are currently employed and increasing the number of tipped employees to 150 during the Department of Parks peak season of Memorial Day through Labor Day.

Beyond the current biennium, the fiscal impact is projected to be negative but indeterminable, due to the uncertainty of knowing if the minimum wage increase for tipped employees would be 95 cents or based on 70 percent of the minimum wage for non-tipped employees.

**DATA SOURCE(S): Governor's Office for Policy and Management, and Department of Parks**

**PREPARER: Greg Troutman NOTE NUMBER: 115 REVIEW: JRS DATE: 2/24/2017**