

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

MEASURE

2017 BR NUMBER **0138**

SENATE BILL NUMBER **33**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to wages.**

SPONSOR **Senator Thomas**

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: **Executive, Legislative, and Judicial branches.**

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

FISCAL SUMMARY

FISCAL ESTIMATES	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			
EXPENDITURES			\$570,000
NET EFFECT			(\$570,000)

() indicates a decrease/negative

MEASURE’S PURPOSE: The purpose of the measure is to increase the state minimum wage and increase the applicable threshold of employees of retail stores and service industries. The measure would also allow local governments to establish minimum wage ordinances in excess of the state minimum wage.

PROVISIONS/MECHANICS: Section 1 changes the definition in KRS 337.010(2)(a)6 of an employee of a retail store or service industry that is required to be paid the state minimum wage by increasing the average gross volume of sales requirement from \$95,000 to \$500,000.

Section 2 amends KRS 337.275(1) to increase the state minimum wage to \$8.20 per hour beginning on July 1, 2018, \$9.15 per hour beginning on July 1, 2019, and \$10.10 per hour beginning on July 1, 2020. The state minimum wage for tipped employees would increase to \$2.13 on the effective date of the Act, \$3.05 per hour beginning on July 1, 2018, \$3.95 per hour on July 1, 2019, and \$4.90 per hour beginning on July 1, 2020.

Section 2 also adds language to KRS 337.275 to allow local governments to establish local ordinances in excess of the state minimum wage.

FISCAL EXPLANATION: There is no fiscal impact in the current biennium because the effective date of the minimum wage increase for non-tipped employees is outside of the current biennium. The Commonwealth has one job classification, Serving Attendant, that customarily and regularly receives tips and all current employees in that job classification are paid an hourly wage higher than the proposed increase of \$2.13 per hour that would be effective on the date of the Act. The current entry level minimum hourly wage for Serving Attendants is \$2.195 so new hires in the current biennium would not be impacted.

Based on an analysis of current employees in the Executive, Legislative, and Judicial branches, the proposed increase in the state minimum wage would increase wage and benefit costs in the next biennium approximately \$179,100 in the first year, an additional \$278,300 in the second year, and an additional \$570,000 in the third year. The impact of new hires was not included in the analysis.

DATA SOURCE(S): Governor's Office for Policy and Management and LRC Budget Review Office

PREPARER: Greg Troutman NOTE NUMBER: 18 REVIEW: JRS DATE: 1/13/2017