

Approved: February 9, 2000
Date

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on February 8, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Lynne Holt, Legislative Research Department
Jerry Ann Donaldson, Legislative Research Department
Bob Nugent, Revisor of Statutes
Betty Bomar, Secretary

Conferees appearing before the committee:

Terry Leatherman, Kansas Chamber of Commerce and Industry
Ann Harts, Manhattan Area Chamber of Commerce
Hal Hudson, National Federation of Independent Businesses
Ron Hein, Kansas Restaurant and Hospitality Association
Jim DeHoff, AFL-CIO
Kim Gulley, League of Kansas Municipalities

Others attending: See attached list

Upon motion by Senator Ranson, seconded by Senator Umbarger, the Minutes of the February 4, Meeting were unanimously approved.

SB 520 - Prohibition against local minimum wage laws

Terry Leatherman, Vice-President of Legislative Affairs, Kansas Chamber of Commerce and Industry (KCCI), testified in support of **SB 520**, stating the bill declares that no city or county ordinance could be passed to require a business in that community to pay a specific minimum wage.

The proposed legislation is in response to a national effort to promote "living wage" ordinances. Minimum wages that have been proposed range from \$6.25 to \$10.75 an hour. A specific minimum wage is usually calculated by a study that determines what wage is needed to "live" in a community. The calculations include costs of housing, food, transportation, health, childcare, etc., to determine a needed wage. (Attachment 1)

According to the Employment Policies Institute, as of January 18, 43 governing bodies had approved "living wage" ordinances. There are 82 additional cities where "living wage" ordinances are proposed, including Manhattan, Kansas. The Association of Community Organizations for Reform Now (ACORN) is the national advocate and takes credit for leading coalitions in passing ordinances in the 43 cities previously referenced.

Mr. Leatherman stated the living wage proposal has no relationship to the work being performed. The "living wage" proposal limits job creation by making the cost of labor increase, resulting in the elimination of jobs which are generally low wage positions. The imposition of such an ordinance drives up local government costs, resulting in higher taxes. The KCCI membership believes that the living wage proposal is a serious challenge to efforts to recruit and retain businesses in their communities and to promote job creation.

Ann Harts, Vice President/Director, Economic Development, Manhattan Area Chamber of Commerce, testified in support of **SB 520**, stating the passage of this legislation is important to Kansas communities. The Manhattan Chamber believes that wages and benefits should be determined by skill and abilities, competitive practices and an employer's ability to compete in a global marketplace. 83% of respondents to a Manhattan Chamber survey on the issue of a living wage ordinance stated such an

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ordinance would give the impression that Manhattan is a community that is restrictive on business and, therefore, would discourage companies from locating or expanding. Ms. Harts testified the Flint Hills Living Wage Coalition, formed a few years ago in conjunction with the Manhattan Alliance for Peace and Justice, suggests that the City of Manhattan require private business to pay workers \$9.23 per hour, without health benefits provided, or \$8.45 an hour with employer provided health coverage, together with numerous other requirements. These requirements would be tied to businesses that receive any economic development incentives. This coalition has also stated in public meetings that once they have enacted a living wage ordinance at the local level they would turn their attention to the public schools, city and county government and Kansas State University. (Attachment 2)

Ms. Harts stated this issue has created great divisiveness in the Manhattan community when it should be celebrating the diversifying of its tax and job base with approximately 2,000 new jobs, more than \$70 million in capital investment and an unemployment rate of 2.7%. If an ordinance is passed, existing businesses will be forced to take measures that are not conducive to an improved quality of life, likely in the following manner: by raising prices to cover the increase in wage costs; by reducing the number of workers employed; by re-evaluating the skills, knowledge and abilities of entry-level jobs; and reconsidering Manhattan as a place to establish a business.

Ms. Harts responded the present entry-level wage in the Manhattan area is \$8.00 to \$8.50, a bar set by Western Wireless.

Hal Hudson, State Director, National Federation of Independent Business, testified in support of **SB 520**, stating as many as 30 states have been promoting local minimum wage ordinances, some actually passing ordinances with wage ranges of \$6.25 to \$10.75. Most of the ordinances apply to employers who hold large city or county service contracts or receive financial assistance in the form of grants, loans, bond financing, tax abatements or other economic development subsidies. The minimum wage requirements are, however, higher than federal law. Employers would have to pay the designated wage to entry-level employees and even those employers who pay more than the minimum would be expected to increase wages for other employees to maintain the wage differential. (Attachment 3)

Jim DeHoff, Executive Secretary of the Kansas AFL-CIO, testified in opposition to **SB 520**, stating the bill is an attempt to eliminate local wage protection. The legislation takes away home rule from locally elected officials; it would be in conflict with labor contracts that have union contracts with minimum wages; and it could be in direct conflict with various federal wage laws which could interfere with obtaining federal funds for certain projects. (Attachment 4)

Kim Gulley, Director of Policy Development, League of Kansas Municipalities, testified in opposition to **SB 520**, stating the provisions of the bill would preempt local authority with regard to the establishing of a local minimum wage. The League believes there is no compelling reason to preempt Home Rule and opposes the legislation. (Attachment 5)

Ron Hein, Kansas Restaurant and Hospital Association, submitted written testimony in support of **SB 520**, stating local minimum wage laws constitute a significant problem for the Restaurant Association. Members who have facilities in numerous cities in the state would have to have different payroll policies, reporting systems, training programs, etc. Such local ordinances would be especially problematic in communities such as Johnson County where one can drive from city to city without leaving the urban area. Businesses presently must comply with the Federal and State minimum wage laws and a third level of legislation in the area of minimum wage is not needed. (Attachment 6)

In response to a question from the Chair asking how the bill would be in conflict with union contracts with minimum wages and with federal wage laws. Bob Nugent, Revisor of Statutes, stated **SB 520** provides for a federal preemption, but does not know what impact the legislation would have on collective bargaining.

Mr. Leatherman, in response to Committee questions, stated the "living wage" ordinances are relatively new so there is very little information about the impact on job creation; however, historically, minimum wage increases do not create jobs. There are some studies that reflect that Baltimore, which has the longest history with the living wage ordinance, is experiencing economic loss due to the super

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minimum wage imposed in its city.

The hearing was concluded.

The Chair informed the Committee that **SB 520, SB 265 and SB 432** would be considered for action at its meeting tomorrow.

The meeting adjourned at 9:00 a.m.

The next meeting is scheduled for February 9, 2000.

LEGISLATIVE TESTIMONY



The Unified Voice of Business

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SB 520

February 8, 2000

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

Senate Committee on Commerce

by

Terry Leatherman
Vice President – Legislative Affairs

Madam Chairperson and members of the Committee:

I am Terry Leatherman, with the Kansas Chamber of Commerce and Industry. Thank you for the opportunity to explain why the Kansas Chamber would urge this Committee recommend SB 520 for passage.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 2,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 48% of KCCI's members having less than 25 employees, and 78% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

SB 520 is intended to be a simple bill. It is a declaration that minimum wage matters should not be determined at the city or county level. If approved, SB 520 declares that no city or county ordinance could be passed to require a business in that community to

Senate Commerce Committee

Date: 2-08-00

Attachment # 1-1 thrust-14

workers. The bill is before you at this time because of a national movement to invoke local minimum wage ordinances, which has found its way to Kansas. This national effort has been billed around the promotion of so called "living wage" ordinances.

WHAT IS A LIVING WAGE ORDINANCE

The typical "living wage" ordinance proposes to require private businesses pay its workers a minimum wage that is greatly above the state or federal minimum wage. Minimum wages that have been proposed have ranged from \$6.25 to \$10.75 an hour. Sometimes, the proposals will have different minimums proposed, depending on whether the employers in that community provide benefits. For instance, an employer who provides health insurance benefits may be compelled to pay \$8.00 an hour, while employers who do not provide health insurance would be forced to pay \$9.00.

The specific minimum wage is usually calculated by a study that determines what wage is needed to "live" in a community. To reach that figure, the study looks at housing, food, transportation, health and childcare and other costs to determine a needed wage.

The typical "living wage" ordinance is applied to employers who have received some city/county support. In other words, the ordinance will be directed at employers who contract with local government to provide services or have received some economic development support.

WHERE HAVE LIVING WAGE ORDINANCES BEEN APPROVED/PROPOSED

According to the Employment Policies Institute, as of January 18, local governing bodies had approved 43 "living wage" ordinances. A graph showing these 43 communities is attached. The first to pass was Baltimore in 1994. The list reveals the ordinances have been approved by many major cities, such as Boston, Chicago, Detroit, Los Angeles, Minneapolis, New York, and San Antonio.

Also attached to my testimony is a chart of the 82 cities where "living wage" ordinances are proposed. There are many big cities on this list also. However, there is also a trend to expand this concept beyond the big cities and the coasts. Included in the list is the one Kansas town where a "living wage" bill has been targeted to date, Manhattan.

WHO IS BEHIND THE NATIONAL "LIVING WAGE" MOVEMENT

The Association of Community Organizations for Reform Now (ACORN) is the national advocate for "living wage" ordinances. ACORN takes credit for leading coalitions in passing ordinances in the major cities I cited earlier. In addition, on the organization's website, ACORN says it has "provided technical assistance to dozens of other campaigns from Miami to Manhattan, KS to San Francisco."

In perhaps the most brazen examples of organizational hypocrisy ever, ACORN is the group that sued the state of California to be excused from that state's minimum wage law (\$4.25 an hour), saying in its brief the more ACORN must pay to each worker, because of minimum wage and overtime requirements, would cause them to be able to hire fewer workers.

WHAT IS WRONG WITH "LIVING WAGE" ORDINANCES

As in other examples of government imposition of wages, "living wage" proposals are the wrong way to go about establishing what a worker should be paid for the work perform. When private enterprise prevails, issues of skills to perform a job, revenue generated from the work and the availability of employees lead to determining a wage. In living wage, government is saying "here is how much it costs to live in our town" and business must pay a wage to meet that level. At its heart, the wage has no relationship to the work being performed.

Local wage ordinances limit job creation. By making the cost of labor increase, a business is compelled to respond. Often, that response is to eliminate employment position. Additionally, the positions eliminated tend to be the low wage work, thereby hurting the people living wage ordinances are allegedly proposed to help.

By imposing a "wage tax" on a community, living wage ordinances drive up government costs. As a result, inherent in the proposals is the potential for higher local government costs and therefore higher taxes.

HOW SB 520 ADDRESSES THIS ISSUE

For businesses operating in multiple Kansas locations, the specter of “living wage” ordinances is a high concern. They create the potential of artificial wage disparities in their operations in the state. SB 520 would leave government wage issues in the hands of Kansas legislators, rather than before City Councils and County Commissions across the state.

The Kansas Chamber’s membership is concerned with economic development. Living wage proposals are considered a serious challenge to efforts to recruit and retain businesses in their communities and to promote job creation.

Madam Chairperson, thank you for presenting this opportunity to explain why KCCI supports SB 520. I would be happy to attempt to answer any questions.



The Living Wage

The Employment Policies Institute is a research organization dedicated to studying entry-level employment issues.

Updated 01/18/00

For enlarged map [click here](#)

Enacted Initiatives For Proposed Campaigns go here				
LOCALITY	WAGE REQUIREMENT	APPLIES TO	TYPE OF PROPOSAL	DATE ENACTED
Baltimore, MD More Research	\$7.10 in 1998; \$7.70 in 1999 (based on prevailing wage; 12/2/98 proposal calls for \$7.90 beginning in July 1999)	Construction and service contracts over \$5K	City ordinance	Enacted in December 1994; increase pending as of December 1998; efforts are now underway to extend a living wage to private employees
Boston, MA	\$8.23 (based on poverty level for a family of four); indexed to cost of living increases, promotes community hiring, establishes adv. Board	City agencies and contractors over \$100K and subcontractors over \$25K; amended later to exempt companies receiving asst.	City ordinance	Enacted mid-1997; Amended in September 1998
Buffalo, NY	\$6.22 in 2000 \$7.25 in 2001 \$8.08 in 2002 w/benefits \$7.22 in 2000 \$8.15 in 2001 \$9.08 in 2002 w/o benefits	City contractors and subcontractors over 50K with at least 10 employees	City ordinance	Enacted July 1999
Cambridge, MA	\$10.00	City employees, companies with city contracts > \$10K, recipients of city assistance > \$10K, subcontractors	City ordinance	Enacted May 1999
Chicago, IL	\$7.60	Contractors and subcontractors w/ 25 or more full time workers	City ordinance	Enacted July 1998
Cook County, IL	\$7.60	Service industry	County ordinance	Enacted September

		contractors and subcontractors of any size required to pay stipulated wage to workers on awarded contract		1998
Dane County, WI	100% poverty level and health benefits (approximately \$8.03)	County employees and country contractors	County ordinance	Enacted March 1999
Dayton, OH	\$7.00	City employees only	City ordinance	Enacted April 1998 (original ordinance included contractors)
Des Moines, IA	\$7.00 minimum, with goal of \$9.00	Non-management full-time employees at businesses receiving assistance	City ordinance	Enacted in 1988; amended to include \$9.00 "goal" in July 1996
Detroit, MI	Indexed to federal poverty level (currently \$8.83) with benefits; 125% of federal poverty level (currently \$10.44) without benefits	Contractors and subcontractors > \$50,000 annually; businesses receiving assistance > \$50,000 annually	City ballot initiative	Enacted November 1998
Duluth, MN	Must pay 90% of employees \$6.50 w/ health benefits; \$7.25 without, indexed to inflation	Companies receiving city economic development assistance > \$25K	City ordinance	Enacted July 1997
Durham, NC	Hourly wage of city employees (\$7.55 as of 10/98)	All city employees and contractors	City ordinance	Enacted January 1998
Gary, IN	"prevailing wage"	Recipients of tax abatements	City ordinance	Enacted in 1991
Hartford, CT	110% of the federal poverty level for a family of four (currently \$8.83)	City contractors > \$50K and commercial development projects that receive subsidies > \$100K	City ordinance	Enacted October 1999
Hayward, CA	\$8.00 with benefits; \$9.25 without; adjusted yearly with the area's cost of living	City employees and city contractors > \$25,000	City ordinance	Enacted April 1999
Hidalgo County, TX	\$6.75 January 2000; \$7.50 January 2001	County employees; state and federal funded programs controlled by county	County ordinance	Enacted July 1999
Hudson County, NJ	150% of the federal minimum wage, currently \$7.73, with benefits and paid vacation	County service contractors working at least 20 hours per week	County ordinance	Enacted January 1999
Jersey City, NJ	\$7.50	Service Contractors	City ordinance	Enacted June 1996
Los Angeles, CA	\$7.39 with benefits, \$8.64 without; 10 paid days off; indexed to inflation yearly	Businesses with city contracts over \$25K; companies receiving more than \$100K annually/ \$1m onetime grant; amended to include airport workers	City ordinance	Enacted in March 1997, after the council overrode a mayoral veto; amended in August 1998

Los Angeles County, CA	\$8.32 with benefits \$9.46 without	County contractors Amended to include only contractors with greater than 20 employees, with annual gross income exceeding \$1 million (\$2.5 for technical or professional service)	County ordinance	Enacted June 1999. Later amended to exclude businesses with 20 or fewer employees
Madison, WI	100% poverty level for a family of four in 1999; 105% in 2000 (\$8.43); 110% in 2001 (\$8.83)	Companies w/ assistance > \$100K; non-profits with grants over \$5K; non unionized city employees	City ordinance	Enacted March 1999
Memphis, TN	"Prevailing wage"	Contractors/subcontractors on publicly funded projects	City ordinance	Enacted April 1999
Miami-Dade County, FL	\$8.56 with benefits, \$9.81 without benefits	County employees, contractors/subcontractors, airport employees	County ordinance	Enacted May 1999
Milwaukee (city), WI	Indexed to poverty level for a family of three (currently \$6.67)	Service contracts over \$5K	City ordinance	Enacted November 1995
Milwaukee (county), WI	\$6.25	Service employees of county contractors	County ordinance	Enacted May 1997
Milwaukee (school district), WI	\$7.70	School employees and contractors	Board measure	Enacted January 1996
Minneapolis, MN	100% of federal poverty level for a family of four, plus benefits; 110% without benefits (currently \$8.83 with benefits)	Contractors and companies receiving subsidies > \$100K for projects earmarked for "job creation;" expanded to cover projects > \$25K	City ordinance	Enacted March 1997; expanded in December 1998
Multnomah County, OR	July 1998 - \$7.50; July 1999 - \$8.00	Janitorial and security contracts; foodservice contracts to be added in 2000.	County ordinance	Enacted June 1996; amended to increase wage in October 1998
New Haven, CT	Based on federal poverty level for a family of four; revised every 5 years (currently \$8.03)	Service contractors	City ordinance	Enacted May 1997
New York City, NY	Based on prevailing wage for specific industry as determined by city controller	Service contracts	City ordinance	Enacted September 1996
Oakland, CA	\$8.00 with benefits, \$9.25 without; 12 paid days off, 10 unpaid days off	Businesses and non-profits with service contracts > \$25K or receiving > \$100K in subsidies; studying plan to expand ordinance to cover Port.	City ordinance	Enacted in April 1998
Orange County, NC	\$8.00	All county employees	County ordinance	Enacted July 1998; discussion regarding expansion to contractors

Pasadena, CA	\$7.25 w/ benefits; \$8.50 without	City employees; major contractors	City ordinance	Enacted September 1998
Portland, OR	July 1998 - \$7.50, July 1999 - \$8.00	Contractors must pay service employees	City ordinance	Enacted in May 1996; amended April 1998
San Antonio, TX	\$9.27 to 70% of service employees in new jobs; \$10.13 to 70% for durable goods workers	Businesses receiving tax break	City ordinance	Enacted July 1998
San Jose, CA	\$9.50 w/benefits; \$10.75 w/out; also with "labor peace" measure that would make it easier for unions to organize	Contracts > \$20,000, with some exemptions; also applies to some part-time city employees	City ordinance	Enacted in November 1998
Santa Clara County , CA	\$10 with health benefits or suitable alternative	Manufacturing businesses benefiting from tax abatements	County ordinance	Enacted September 1995
Somerville, MA	\$8.35	Covering all city employees; employees of city contractors and subcontractors	City Ordinance	Enacted May 1999
St. Paul, MN	100% of federal poverty level for a family of four, plus benefits; 110% without benefits (currently \$8.83 with benefits)	Contractors w/exceptions, companies receiving over \$100K economic dev. assistance per year	City ordinance	Enacted January 1997
Tucson, AZ	\$8.00 w/benefits; \$9.00 without benefits	City contractors, excluding construction workers and companies that hold a city franchise	City ordinance	Enacted September 1999
Warren, MI	\$8.50 w/benefits; \$10.00 without benefits	City contractors	City ordinance	Enacted January 2000
West Hollywood, CA	\$7.25 w/benefits; \$8.50 w/out benefits	Service contracts > \$25K or > 3 months	City ordinance	Enacted September 1997
Ypsilanti, MI	\$8.50 with benefits, \$10.00 without	Businesses with contractors > \$5K; under-10 employee businesses exempted, but non-profits with > \$10K in aid	City ordinance	Enacted May 1999

Updated 01/18/00

Proposed Initiatives <u>For Enacted Initiatives Go Here</u>				
LOCALITY	WAGE REQUIREMENT	APPLIES TO	TYPE OF PROPOSAL	DATE ENACTED
Albany, NY	\$8.55, plus additional benefits for people working more than 15 hours a week	County contractors	City ordinance	Introduced October 1997; no recent activity reported
Albuquerque, NM (defeated)	\$7.91 with benefits, \$9.16 without	Companies that receive Industrial Revenue Bond (IRB) money and have >25 employees	City Ordinance	City Council rejected ordinance in a 6-3 vote 11/15/99. Previous \$6.50 minimum wage ballot initiative failed in 1996 because of signature invalidation. Issue expected to resurface quickly
Alexandria, VA	\$7.65 w/benefits; \$8.80 w/out	City contractors and subsidized businesses	No formal proposal introduced to date	Campaign underway, no activity reported recently
Ann Arbor, MI	\$8.50 w/benefits \$10.00 w/out	Contractors and subsidized businesses	City ordinance	Proposal introduced; tentative approval January 3, 2000; final vote scheduled for January 20, 2000
Annapolis, MD	\$10.28	Companies receiving state subsidies	No formal proposal introduced to date	Campaign underway
Arlington, TX	Not specified	Not specified	No formal proposal introduced to date	Campaign underway
Atlanta, GA	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Atlantic City, NJ	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Austin, TX	\$9.00 minimum	Contractors or recipients of tax abatements	No formal proposal introduced to date	Campaign underway
Austin (school district), TX	\$8.93; City of Austin maintains a minimum wage of \$7.39 for city employees (set to go up to \$8.00 in 1999) and Austin Community College pays \$8.00	Classified employees of the Austin Independent School District; currently no provision for contractors	No formal proposal introduced to date	Campaign underway
Berkeley, CA	Not specified	City contractors	No formal proposal introduced to date	Campaign underway
Bloomington, IN	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Buffalo (school district), NY	Modeled after Buffalo city ordinance	Businesses that do business with the School Board	No formal proposal introduced to date	Campaign underway
Cheyenne, WY	\$10.00		No formal proposal introduced to date	Campaign underway

Cincinnati, OH	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Cleveland, OH	125% of federal poverty level for a family of four (roughly \$10.00)	City employees, city contractors with contracts >25K, and business that receive >50K in financial assistance (only those with over 20 employees; 50 employees for non-profits)	City ordinance	Proposal introduced
Columbia, SC	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Concord, NH	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Covington, KY	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Dallas, TX	\$9.00 minimum	Contractors or recipients of tax abatements	No formal proposal introduced to date	Campaign underway
Denver, CO	\$7.91; reporting requirements \$8.03	Contractors and subsidized businesses	Proposal introduced	Proposal introduced
Durham County, NC	Same as city employees, currently \$7.55 an hour	Contractors and service vendors	Proposed county ordinance	Proposal introduced
Eugene, OR	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Fresno, CA	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Gainesville, FL	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Grand Rapids, MI	Unspecified rate	Businesses that receive public assistance	No formal proposal introduced to date	Commissioner preparing legislation
Greensboro, NC	"close to \$10.00"	City employees and contractors	No formal proposal introduced to date	Campaign underway
Harrisburg, PA	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Harvard, MA	\$10.00	Currently Janitors, later to include all university employees	No formal proposal introduced to date	Campaign underway
Helena, MT	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Houston, TX	\$9.00 minimum	Contractors or recipients of tax abatements	No formal proposal introduced to date	Campaign underway; a ballot initiative was defeated in January 1998
			No formal proposal	

			introduced to date	
Kalamazoo, MI	\$8.25	City contractors	No formal proposal introduced to date	Campaign underway
Knoxville, TN (defeated)	Around \$9.50 (\$19,000 per year with benefits) (\$22,000 per year without benefits)	City employees and contractors; expanding to private firms that do business with the city	City Ordinance	City Council rejected ordinance by vote of 7-2 on May 19, 1999
Lansing, MI	Unspecified	Based on Detroit's ordinance	No formal proposal introduced to date	Campaign underway
Letcher County, KY (defeated)	\$7.50	All workers	County Ordinance	Proposal failed to advance due to a 3-3 vote on July 13, 1999
Lexington, KY	\$8.25 plus health benefits	Not specified	No formal proposal introduced to date	Campaign underway
Lincoln, NE	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Lincoln City, OR	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Little Rock, AR	\$8.00	City employees, city contractors	No formal proposal introduced to date	Campaign underway
Long Beach, CA	Unspecific rate	Unspecified	City ordinance	Conducting research
Louisville, KY	Unspecified	City contractors and subcontractors	No formal proposal introduced to date	Campaign underway
Manhattan, KS	Unspecified rate, community hiring	City contractors and subsidized businesses	No formal proposal introduced to date	Campaign underway
Marin County, CA	\$15.75	Contractors	No formal proposal introduced to date	Campaign underway
McComb, MS	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Missoula, MT (defeated)	\$8.00	City employees; city contractors	Ballot initiative	Ballot initiative defeated Nov. 2, 1999.
Montgomery County, MD (defeated)	\$10.44/\$11.00 (two versions)	Contractors	Multiple proposals	Council rejected ordinance by 5-3 vote August 3, 1999.
Mountain View, CA	\$9.50 w/benefits; \$10.75 w/out; also with "labor peace" measure that would make it easier for unions to organize (based on San Jose ordinance)	Contracts > \$20,000, with some exemptions; also applies to some part-time city employees (based on San Jose ordinance)	No formal proposal introduced to date	Campaign underway
Nashville, TN	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Nassawadox, VA	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Niagara County, NY	\$7.91	Companies receiving	No formal proposal	Campaign underway

		county assistance	introduced to date	
New Orleans, LA	\$1.00 above federal level	All employees	Citywide ballot initiative	Defeated in June 1997; pre-empted by legislation passed to keep cities and parishes from establishing wage higher than state level; last session the state legislature defeated a bill requiring the LA Dept. of Labor to calculate a living wage figure yearly
North Hampton, MA	\$7.00 w/ benefits; \$8.50 w/out	All Hampshire County employees	County ordinance	Campaign underway
Omaha, NE	\$7.90 w/benefits \$8.70 w/o benefits	Companies receiving > \$25,000 assistance and city contractors with contracts > \$25,000	City ordinance	Campaign underway; City Council is awaiting study results questioning the legality of the measure
Oxnard, CA	\$8.00 w/benefits; \$10.00 w/o benefits	City contractors and businesses receiving >25K in assistance (full and part-time employees)	City ordinance	Campaign underway
Palo Alto, CA	\$9.50 w/benefits; \$10.75 w/out; also with "labor peace" measure that would make it easier for unions to organize (based on San Jose ordinance)	Contracts > \$20,000, with some exemptions; also applies to some part-time city employees(based on San Jose ordinance)	No formal proposal introduced to date	Campaign underway
Philadelphia, PA	\$7.90; including community hiring "prevailing wage"	All companies receiving "assistance"	City ordinance	Campaign underway
Pittsburgh, PA	\$8.82 \$7.73	City employees, government contractors, companies receiving "subsidies" Businesses and contractors receiving tax breaks or assistance from the city	City ordinance	Campaign underway
Port Hueneme, CA	Based on Oxnard proposal	Based on Oxnard proposal	City ordinance	Campaign underway
Portland, ME	Not specified amount; must create 25 new jobs	Businesses that receive tax increment financing	No formal proposal introduced to date	Campaign underway
Prince George's County, MD	"prevailing wage"/ \$9.80	County contractors/ County contractors and companies that receive subsidies	County ordinance	Original ordinance passed by County Council, but vetoed by County Executive; new campaign underway
Providence, RI	Not specified	Contractors	No formal proposal introduced to date	Campaign underway

Provo, UT	Unspecified	Unspecified	No formal proposal introduced to date	Campaign underway
Racine, WI	\$7.50	City employees and city contractors	No formal proposal introduced to date	Campaign underway
Rapid City, IA	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Reno, NV	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Rochester, NY	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Rockland County, NY	\$9.00 w/benefits; \$10.25 without; indexed yearly to the CPI	Contractors > \$50K and non-profit > \$100K Companies receiving > \$50K in tax abatement or other subsidies	Draft proposal	Campaign underway
Salem, OR	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
San Diego, CA	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
San Francisco, CA	\$11.00 with a requirement to provide health coverage, paid vacation, and sick leave	Contractors	City ordinance	Proposal introduced; action postponed pending study; task force recommendations released; \$7.50 graduating to \$9.00 over three years plus benefits, with exemption for small businesses that lease from the port and the airport
Santa Cruz (County), CA	Unspecified	Unspecified	No formal proposal introduced to date	Campaign underway
Santa Monica, CA	\$10.69	All businesses with >50 employees located in the city's tourist center	City ordinance	Campaign underway
Scranton, PA	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Seattle, WA	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
South Bend, IN	Around \$10.00	Contractors and recipients of tax abatements	No formal proposal introduced to date	Campaign underway
Spokane, WA	\$8.25	All city employees	No formal proposal	Campaign underway

			introduced to date	
St. Louis, MO	Around \$8.00	Public contractors and subsidized businesses	No formal proposal introduced to date	Campaign underway
Tempe, AZ	Full health benefits	City Contractors	No formal proposal introduced to date	Campaign underway
Utica, NY	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Valdosta, GA	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Ventura County, CA	\$8.00 w/benefits; \$10.00 w/o benefits	County contractors and recipients of >25K in assistance (full and part-time employees)	County ordinance	Campaign underway
Washington, DC	Not specified	Contractors	No formal proposal introduced to date	Campaign underway
Williamsburg, VA	Not specified	Not yet available	No formal proposal introduced to date	Campaign underway

The list is currently comprehensive according to our sources -- among them city ordinances as enacted, information collected from living wage supporters, and local press reports. Because of the nature of the initiatives, it is not possible to say that this list is "all inclusive." Please e-mail us at epi@epionline.org to let us know if we have missed any initiatives or have listed any incorrect information.

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February 8, 2000

MANHATTAN AREA CHAMBER OF COMMERCE

Testimony Before the

Senate Committee on Commerce

By

Ann R. Harts

Vice President/ Director, Economic Development

Madam Chairperson and members of the Committee:

I am Ann Harts, Vice President, and Director of Economic Development for the Manhattan Area Chamber of Commerce, Manhattan, Kansas. Thank you for allowing me the opportunity to talk with you today about the ramifications of the local living wage debates and the importance of SB520 to the communities in Kansas.

The Manhattan Area Chamber of Commerce's Legislative Position on this issue is attached for your review. We believe that wages and benefits should be determined by skill and abilities, competitive practices and the employer's ability to compete in a global marketplace. Education and long-term skill development provide the most effective way to raise wages and benefits for the workforce. 83% of respondents to a Chamber survey on this issue noted that a living wage ordinance in our city would give the impression that Manhattan is a community that is restrictive on business and therefore would discourage companies from locating or expanding.

There has been a major initiative in Manhattan to recruit new business and expand existing business.

However, a movement over the past few years by the Flint Hills Living Wage Coalition is suggesting that the city require private business to pay its workers \$9.23 per hour, without health benefits provided, or \$8.45 with employer provided health coverage, along with numerous other requirements. This would be tied to businesses that receive any economic development incentives. This coalition has also stated in public meetings that once this is enacted at the local level they would turn their attentions to the public schools, City and County government and Kansas State University.

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Attachment # 2-1 thru 2-3

I will submit to you that this issue has created great divisiveness in our community during times when we should be celebrating our successes in diversifying our tax and job base with almost 2,000 new jobs and over \$70 million in capital investment over the past few years. If this issue passes in our community, not only will new businesses look elsewhere for site locations, but existing businesses will potentially shut their doors for “greener pastures” with less restrictions, possibly to other communities within the State. Our ability to compete in the global economic development site searches will be reduced substantially if not completely and will make it difficult for us to sell Manhattan due to restrictions and unfriendly business practices. It is already difficult to sell Manhattan which is considered to be a remote community and in the “middle of nowhere” in the minds of many site selectors. Existing businesses will be forced to take measures that are not conducive to an improved quality of life in our city.

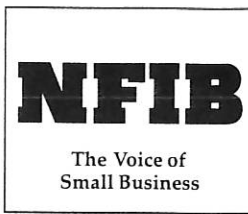
They will most likely respond in one of four ways:

1. Raise prices to cover the increase in wage costs, thereby passing the costs of increased labor to their customers.
2. Reduce costs by reducing the number of workers employed.
3. Re-evaluate the skills, knowledge and abilities they will seek from candidates for jobs and eliminate “entry-level job opportunities” for most of the hard to employ and low-skilled applicants.
4. Reconsider their association with Manhattan and contemplate relocating elsewhere.

Madame Chairperson, thank you for this opportunity to explain why SB 520 is imperative to communities such as Manhattan. I stand ready to attempt to answer your questions.

Issue: Wages/ Benefits

Position: The Manhattan Area Chamber of Commerce believes that wages and benefits should be determined by the employee's skills and abilities, competitive practices and the employer's ability to compete in a global marketplace. Compensating employees based on regulation rather than the free market reduces the ability of employers to stimulate improved performance through higher wages. The free market system and a strong local economy, combined with education and long-term skill development, provide the most effective way to raise wages and benefits for the workforce.



NFIB Kansas

**Statement by
Hal Hudson, State Director
Kansas Chapter, National Federation of Independent Business
Before the Kansas Senate Commerce Committee
On Senate Bill 520
Tuesday, February 8, 2000**

Madam Chair and Members of the Committee:

My Name is Hal Hudson, and I am the State Director for the 7,000 member Kansas Chapter of the National Federation of Independent Business.

I appear here today in support of Senate Bill 520. Let me say at the outset that I know some of you are loathe to enacting legislation that restricts local governing bodies in their authority to "rule" in their respective jurisdictions. However, there are many exceptions in Kansas law where the legislature has seen fit to preempt local authority.

This is one of those areas where the exception should be made.

Last summer it came to my attention that recent campaigns, in as many as 30 states, have been promoting local minimum wage ordinances. These organized campaigns defined their goal - a "living wage" - as equivalent to the poverty line for a family of four, and some communities across our nation actually have passed local ordinances with wage ranges of \$6.25 to \$10.75. Most apply to employers who hold large city or county service contracts or receive financial assistance in the form of grants, loans, bond financing, tax abatements or other economic development subsidies. But, they are minimum wage requirements higher than federal law.

And, on the opening day of the Kansas 2000 legislative session a bill was introduced calling for a statewide "living wage" of \$9.37 per hour, paid and non-paid leave time and health benefits for ALL employees of any firm contracting to do \$5,000 or more work for the state or any municipality.

I hope you never see that bill in this committee.

Last week, I presented testimony here to the effect that a Kansas minimum wage law is irrelevant, and encouraged you to simply remove the minimum wage law from the books. With approximately 98 percent of all Kansas workers now covered under the federal Fair Labor Standards Act, and the federal minimum wage on the move upward, there simply is no need for a minimum wage law in Kansas.

There is no need for a Kansas minimum wage, because the federal government already has preempted the state's authority in this matter.

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Likewise, there is no need for local authorities to enact minimum wage standards by local ordinance. Such standards could prove not only disruptive to the local economy, but also costly to taxpayers. Undoubtedly, the cost of services purchased from contractors would go up, and taxes would have to be raised to pay for those services.

We asked NFIB members on our Kansas 2000 Ballot if they favored legislation prohibiting local establishment of a "living wage," and the majority (65%) said YES! We are translating this response to apply to enactment of a local minimum wage.

If a minimum wage, higher than the federal level, is established in your community, it could become a nightmare. Obviously, employers would be forced to pay the designated wage – almost certainly an increase in the wage they currently pay entry-level employees. And, those who already pay more than the designated minimum would be expected to increase wages for other employees to maintain the wage differential.

But now, consider the plight of the small business owner who provides goods or services in a number communities, or in several counties. If any one of these cities or counties enacted a minimum wage the employer would be expected to pay ALL employees according to that scale, regardless of where they live or where they work.

Again, it would matter only if the local minimum were set higher than the federal minimum. Anything less would be just as irrelevant as a Kansas minimum wage law.

In the interest of preventing the minimum wage issue from becoming the perennial political battleground it has become in Washington, I urge you to recommend S.B. 520 favorably for passage, and to support its enactment.

Thank you.

Hal Hudson, State Director
National Federation of Independent Business
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Wil Leiker
Adrain Loomis
Pam Pearson
Emil Ramirez
Craig Rider
Debbie Snow
Betty Vines*

Senate Commerce Committee
Madam Chairperson Salisbury & Committee

I am Jim DeHoff, Executive Secretary of the Kansas AFL CIO. I appear before you to oppose SB 520.

SB 520 is an attempt to eliminate local wage protection, which in many cases has been in place for a number of years in cities and counties of Kansas. SB 520 is also in response to legislation that was introduced by Representative Swenson and Representative Barnes in the House of Representatives. Their bill, if passed would impose a living wage of \$9.37 per hour for a family of four.

There are many problems with SB 520. I would like to list a few:

- 1) SB 520 takes away home rule from local elected officials - I am sure cities and counties would take a very dim view if this bill were passed.
- 2) Local jurisdictions in the state have union contracts with minimum wages. SB 520 would be in direct conflict with these labor contracts.
- 3) SB 520 could very well be in direct conflict with various federal wage laws. This could cause all federal monies to dry up overnight.
- 4) Economic development in cities such as Lawrence could have major problems attracting the quality of businesses that they have been so successful in drawing. Lawrence has a requirement if businesses want industrial revenue bonds or a tax break on property taxes, the following be complied with:
 - a) number of people the company plans to hire
 - b) what wage rate will apply

In closing we ask that you vote against SB 520 and continue the excellent record that this committee and Kansas legislators have in the area of economic development.

Thank you.



Senate Commerce Committee

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Attachment # 4



League of Kansas Municipalities

300 SW 8th Av.
Topeka, Kansas 66603-3912
Phone: (785) 354-9565
Fax: (785) 354-4186

To: Senate Commerce Committee
From: Kim Gulley, Director of Policy Development
Date: February 8, 2000
Re: Opposition to SB 520

Thank you for allowing me to appear today on behalf of the League of Kansas Municipalities and our 530 member cities. Because the provisions of SB 520 would preempt local authority with regard to the establishment of a local minimum wage, we oppose this legislation.

The exercise of constitutional Home Rule is a fundamental principle upon which the cities of Kansas govern their local communities. Since the passage of the Home Rule Amendment by the voters of the State of Kansas in 1960, Kansas cities have had the authority to enact local legislation pertaining to local affairs unless expressly and uniformly preempted by enactments of this Legislature. SB 520 would preempt all local legislation in this area.

We believe that the decision of whether to enact local minimum wage laws stricter than those already imposed by the federal and state governments is a decision that should be left to the locally elected officials and their citizenry. There is no compelling reason to preempt Home Rule in this matter and we would, therefore, respectfully request that SB 520 not be reported favorably for passage.

Senate Commerce Committee

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Attachment # 5

HEIN AND WEIR, CHARTERED

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Senate Commerce

TESTIMONY RE: SB 520, Preemption of Local Minimum Wage

Presented by Ronald R. Hein

on behalf of

Kansas Restaurant and Hospitality Association

February 8, 2000

Madam Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for the Kansas Restaurant and Hospitality Association. The KRHA is a trade association for restaurant, hotel, lodging and hospitality businesses in Kansas.

The KRHA supports SB 520. As I indicated earlier when I testified on behalf of the KRHA in opposition to SB 265, the KRHA would support legislation preempting local units of government from imposing a minimum wage. Although this has not yet been a particular problem in Kansas, other states have seen cities attempt to pass or successfully pass local minimum wage ordinances.

Local minimum wage laws would constitute a significant problem for our industry for a variety of reasons. For our members who have facilities in numerous cities in this state, it would mean having to have different payroll policies, reporting systems, training programs with regards to handling of tips, etc. Such local ordinances would be especially problematic in communities such as in Johnson County, where one can drive from city to city without leaving the urban area. There are already enough differing governmental levels of laws and regulations on our industry as well as others, without having a third level of legislation in the area of minimum wage or other working conditions.

In light of this, the KRHA would support SB 520 and the prohibition of local minimum wage ordinances and resolutions.

Thank you very much for permitting me to testify, and I will be happy to yield to questions.

Senate Commerce Committee

Date: 2-08-00

Attachment # 6