

MINUTES OF THE HOUSE BUSINESS, COMMERCE AND LABOR COMMITTEE.

The meeting was called to order by Chairperson Al Lane at 9:05 a.m. on February 6, 2001 in Room 521-S of the Capitol.

All members were present except: Rep. Jerry Aday - excused
Rep. John Ballou - excused
Rep. Broderick Henderson - excused
Rep. Mary Kauffman - excused
Rep. Rick Rehorn - excused

Committee staff present: Bob Nugent, Revisor of Statutes
Renaë Jeffries, Revisor of Statutes
Jerry Donaldson, Legislative Research Department
Bev Adams, Committee Secretary

Conferees appearing before the committee: Terry Leatherman, KCCI
Jim DeHoff, KS AFL/CIO
Nicole Belville, individual
Sharon Huffman, Legislative Liaison, KCDC
Shannon Jones, SILCK
Bill Beachy, Pres. KS Action Network
Mary Becker, Kansans Respond
Sister Therese Bangert, Archdiocese of Kansas City, KS
Ron Hein, KS Restaurant and Hospitality Assn.

Others attending: See attached list

The minutes of January 30 and 31 were passed out to the committee. They will be acted on tomorrow.

Hearing on: HB 2130 - Raise state minimum wage to equal the federal minimum.

Jerry Donaldson, Researcher, explained that the bill would bring the Kansas minimum wage up to the rate set by the Federal Fair Labor Standard Act. It would also tie future wage increases to the federal minimum wage so that it would automatically raise each time the federal rate is raised so that the legislature would not have to act every time the federal minimum wage was raised.

Terry Leatherman, Kansas Chamber of Commerce and Industry (KCCI), appeared as an opponent of the bill. The KCCI's opposition is grounded in their fundamental belief that what an employer pays an employee in wages and benefits is best determined in free and competitive enterprise, not government imposition. They suggest to the committee that Kansas become the eighth state to have no minimum wage requirement. (Attachment 1) He finished his testimony by answering questions from the committee.

Jim DeHoff, Kansas AFL/CIO, appeared as a proponent of **HB 2130**. Kansas has one of the lowest minimum wage laws in the United States. There are approximately 26,000 Kansas workers who make less than \$5.15 per hour. (Note: Bill Layes, KDHR, verified from the audience that a new study, soon to be released, has the number at 20,000 workers.) Some of the people who work for these low wages are: cooks in fast foods, cashiers, child care workers, parking lot attendants, maids, service station attendants, waiters and waitresses, and vehicle washers. (Attachment 2) He concluded his testimony by answering questions.

Nicole Belville is a waitress employed by Pizza Hut in Manhattan. She is a proponent of the bill. Currently food servers are guaranteed only the Kansas minimum wage of \$2.65 per hour. Sometime you hear that waitresses really make as much as the federal minimum wage of \$5.15 because tips make up the difference.

CONTINUATION SHEET

MINUTES OF THE HOUSE BUSINESS, COMMERCE AND LABOR COMMITTEE, Room 521-S Statehouse, at 9:05 a.m. on February 6, 2001.

This is often not true. Tips should not be counted as part of their wage because they are not guaranteed. (Attachment 3)

Sharon Huffman, Legislative Liaison, Kansas Commission on Disability Concerns, appeared as a proponent of the bill. Only three in ten working age people with disabilities are employed full or part-time, two out of three (67%) of whom would prefer to be working. By raising the state minimum wage it will provide some incentives for currently unemployed individuals to go to work. (Attachment 4)

Shannon Jones, Statewide Independent Living Council of Kansas (SILCK), appeared as a proponent of the bill. Obtaining economic self-sufficiency for people with disabilities is recognized as being one of the most important goals of living as independently as possible. Raising the minimum wage would make it more attractive for folks entering the workforce for the first time. Ms. Huffman also talked about the buy-in for Medicaid which would also add incentives for more people with disabilities to become employed. (Attachment 5)

Bill Beachy, President of the Kansas Action Network (KAN), spoke as a proponent of the bill. KAN is a coalition of Kansas citizens concerned with the economic fairness and social justice of our state laws. They think that Kansans that work for less than the federal minimum wage of \$5.15 are not being paid a decent wage. The figures also show that more Kansans work for less than the federal minimum wage than the national average. (Attachment 6)

Mary Becker, Kansans Respond, appeared as a proponent. She furnished the committee with a graph that shows the average income of Kansas families from 1978-1998. The disparity between the poorest and the richest continues to increase in Kansas and in all states but four over the last two decades. Emergency service providers throughout the state are reporting a high volume of clients, with continuing increases. People earning low wages are turning to community agencies for emergency help with rent, utilities, food, transportation, medical care, and prescription drugs. (Attachment 7)

Sister Therese Bangert, Archdiocese of Kansas City, Kansas, is concerned about the parents who are working but not able to provide for the basic needs of their children. The Catholic Charities in the Archdiocese serve 60,000 Kansans. They believe that the basic right of workers must be respected - the right to productive work and the right to decent and fair wages. Charts in her testimony show what persons in different households must earn to have an "adequate but austere" income. (Attachment 8)

Ron Hein, Kansas Restaurant and Hospitality Association (KRHA), appeared before the committee as an opponent of **HB 2130**. He told the committee that when the minimum wage is bumped up, all wages must be raised, as the employees who see others who have their wages raised, want theirs raised also. He also felt that the bill as written may be unconstitutional. The KRHA would support the repeal of the state minimum wage but if the committee supports the bill, they propose that the bill be amended to have tips be treated the same way as they are pursuant to the federal wage and hour law. (Attachment 9) Mr. Hein finished his testimony by answering questions from the committee.

No others were present to appear for or against **HB 2130**, and Chairman Lane closed the hearing.

Chairman Lane adjourned the meeting at 10:35 a.m. The next meeting is scheduled for February 7, 2001, at 9:00 a.m. in Room 521-S.

HOUSE BUSINESS, COMMERCE AND LABOR COMMITTEE GUEST LIST

DATE: February 6, 2001

NAME	REPRESENTING
Jim McHaff	KS AFL-CIO
TERRY LEATHERMAN	KCCI
Brenda Eddy	ATK
Sharon Huffman	KCDC
Nancy Jois	Living Wage Coalition
Nicole Belleville	Flint Hills Living Wage Coalition
Page Twiss	" " " " "
Karin Berore	Hein/Weir Child
Mary Baker	Kansans Respond
Jerry Beck	Kansans Respond
Susan Mahoney	Governor's Office
Bill Beachy	K5 Action Network
Sister Therese Bangett	Archdiocese of KCK
Shannon Jones	SILCK
Bill Lyles	KDHR

HOUSE BUSINESS, COMMERCE AND LABOR COMMITTEE GUEST LIST

DATE: 2/6/01

NAME	REPRESENTING
Natalie Bright	WIBA / KOPE
Stephanie Buchanan	DOB
Ron Hein	Ks Restaurant & Hospitality Assn
Brenda Eddy	ATK
John M. Krull	Ks. Action Network

LEGISLATIVE TESTIMONY



The Unified Voice of Business

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HB 2130

February 6, 2001

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

House Committee on Business, Commerce & Labor

by

Terry Leatherman
Vice President – Legislative Affairs

Madam Chairperson and members of the Committee:

My name is Terry Leatherman. I am Vice President of Legislative Affairs for the Kansas Chamber of Commerce and Industry. Thank you for the opportunity to explain why the Kansas Chamber opposes increasing the Kansas minimum wage, as called for in HB 2130.

HB 2130 proposes to tie the Kansas minimum wage to the federal minimum wage. KCCI

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.

House Business, Commerce & Labor Committee

2-6-01

Attachment 1

would respectfully suggest the Committee consider another option regarding the state's minimum wage. Become the eighth state to have no minimum wage requirement. The following highlights why KCCI would urge this option.

First and foremost, the Kansas Chamber's opposition to HB 2130 is grounded in our fundamental belief that what an employer pays an employee in wages and benefits is best determined in free and competitive enterprise, not by government imposition. When wages are set by the private sector, principles such as the value of a work position, the skills needed to perform work and the availability of workers drives the determination of a wage. A government imposed sweeping wage requirement lacks these important components. Issues independent of the value of work to be performed drive the decisions rendered by government.

What would happen if HB 2130 became law? According to the Kansas Department of Human Resources, Kansas currently has a lower percentage of workers earning below the federal minimum wage than the national average, even with our current minimum wage law. The vast majority of Kansas employers, who are compelled to follow federal minimum wage law, would not be affected. Of the remaining employers who are governed by state minimum wage, KCCI would speculate that most of them would be unaffected by the change, since they pay wages above \$5 an hour. That leaves a small crowd of employers who will feel the brunt of the increase proposed in this bill. The small group of affected employers will likely respond to a minimum wage hike in a traditional fashion.

For that small band of businesses impacted, business reality calls for adjustments. Government has just increased the cost of doing business by calling for higher employee wages. The business must look for at the obvious, raise the price of goods or lower costs through workforce or other adjustments. Therein lies the biggest problem with minimum wage increases. Economic forces unleashed by minimum wage increases tend to negatively affect the person the proposals are intended to help, the minimum wage worker. There is value to low wage employment for the individual. These jobs tend to be for new workforce entries, exposing them to basic work ethics of

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positive attitude, timeliness and working with others. These jobs are also the stepping stone to better paying jobs.

Please also consider that this bill ties the Kansas minimum wage to federal changes to minimum wage law in the future. For the first time, the Kansas Legislature will hand its future responsibilities to Congress and the President in adjusting the minimum wage in the future. In the past, KCCI has contended the Kansas Legislature is the appropriate authority for wage policy in our state. HB 2130 calls for the state to abandon this responsibility.

Today's civilian labor force is nearly 1.5 million Kansans. Total payrolls in the last fiscal year exceeded \$28 billion. The number of workers is up 10% and the payroll totals are 75% higher than a decade ago. While there is certainly government workers in that equation, the growth in the state's economic engine is not a product of government action, but of private initiative. Increasing the state's minimum wage law is simply not needed.

Thank you for considering KCCI comments regarding HB 2130, for asking yourself the question of what role government should take in setting pay standards for the private sector, and considering our suggestion to eliminate the state's minimum wage entirely. I would be happy to answer any questions.

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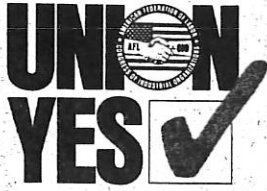
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Representative Al Lane, Chairman
House Business, Commerce and Labor Industry Committee
Room 521 S
RE: HB 2130

Chairman Lane and Committee Members:

I am Jim DeHoff, Executive Secretary of the Kansas AFL-CIO. I'm appearing before you in support of HB 2130. HB 2130 is legislation that would raise the minimum wage from \$2.65 per hour to \$5.15 and then tie future wage increases to whatever the Federal Minimum Wage Rate is under the Federal Fair Labor Standards Act.

Kansas has one of the lowest minimum wage laws in the United States. There are approximately 26,000 Kansas workers who make less than \$5.15 per hour. A majority of these worker's need the extra money for just basic needs. I think it's important to remember that even with a minimum wage increase these workers will still be at a level that is hard to exist on. The poverty level of \$8,959 for an individual worker is based on the United States Census Bureau report of 2000. (See attached)

You will probably hear from opponents that increasing the minimum wage will cause loss of jobs for teenagers and people that cannot be employed at a higher rate. Recent studies done by the US Council of Economic Advisors prove this to be a totally false statement. Their studies conclude that increases in the minimum wage have been important in raising the earnings of low-wage workers. Their

House Business, Commerce & Labor Committee
2-6-01
Attachment 2



research suggests that recent minimum-wage increases have had little or no adverse effect on employment. This study pertained to the Federal \$5.15 minimum wage increase, but would apply to state minimum wages also.

For several years each of you have seen labor help with economic development in Kansas. Recently we supported and are actively engaged in the renewal of the Kansas lottery. Labor also supported a moratorium on employment benefit contributions for positive account employers that saved employers in Kansas approximately \$100 million dollars on Employment Security Benefit Payments. We have also, through the years, supported most tax breaks for business. We do this because of our beliefs that new business and expansions of businesses will provide opportunities for working families.

Now we are asking business to help workers who are at the low income level get a small break with achieving a very small economic benefit in Kansas. Governor Graves supports a minimum wage increase and has stated that he would sign legislation that increases the Kansas minimum wage.

We hope that you take into consideration the 26,000 workers who deserve to make more than a \$2.65 per hour minimum wage rate, and pass HB 2130 favorably.

Thank you.

Poverty 2000

(Use landscape & legal printer options to print this table)

Poverty Thresholds in 2000, by Size of Family and Number of Related Children Under
(Dollars)

Size of family unit	Related children				
	None	One	Two	Three	Four
One person (unrelated individual)...					
Under 65 years.....	8,959				
65 years and over.....	8,259				
Two people.....					
Householder under 65 years.....	11,531	11,869			
Householder 65 years and over.....	10,409	11,824			
Three people.....	13,470	13,861	13,874		
Four people.....	17,761	18,052	17,463	17,524	
Five people.....	21,419	21,731	21,065	20,550	20,2
Six people.....	24,636	24,734	24,224	23,736	23,0
Seven people.....	28,347	28,524	27,914	27,489	26,6
Eight people.....	31,704	31,984	31,408	30,904	30,1
Nine people or more.....	38,138	38,322	37,813	37,385	36,6

Source: U.S. Census Bureau.

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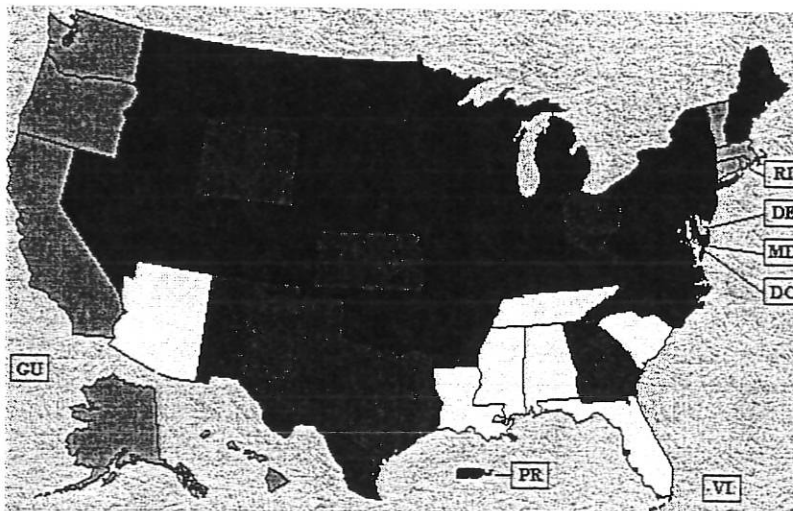
U.S. Census Bureau





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Minimum Wage Laws in the States

Click on any state or jurisdiction to find out about applicable minimum wage laws.

Note: Where Federal and state law have different minimum wage rates, the higher standard applies.



-  States with minimum wage rates higher than the Federal
-  States with no minimum wage law
-  States with minimum wage rates the same as the Federal
-  States with minimum wage rates lower than the Federal

**Minimum Wage and Overtime Premium Pay Standards Applicable to
Nonsupervisory NONFARM Private Sector Employment
Under State and Federal Laws
January 1, 2001**

ALABAMA	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
<i>No state minimum wage law.</i>				

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ALASKA

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly
	\$5.65	8	40

Under a voluntary flexible work hour plan approved by the Alaska Department of Labor, a 10-hour day, 40-hour workweek may be instituted with premium pay after 10 hours a day instead of after 8 hours.

The premium overtime pay requirement on either a daily or weekly basis is not applicable to employers of fewer than 4 employees.

In Alaska the minimum wage rate is automatically set at 50 cents above the rate set in the Fair Labor Standards Act.

ARIZONA

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly

No state minimum wage law.

ARKANSAS

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly
	5.15	N/A	40

(Applicable to employers of 4 or more employees)

The State law excludes from coverage any employment that is subject to the Federal Fair Labor Standards Act.

CALIFORNIA	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
			8 Over 12 (double time)	40 7th day: First 8 hours (time and half) Over 8 hours (double time)
		\$6.25		
	01/01/02	\$6.75		

Overtime is due after 8 hours per day or 40 hours per week unless an alternative workweek of no more than 4 days of 10 hours was established prior to 7/1/99.

Premium pay on 7th day not required for employee whose total weekly work-hours do not exceed 30 and whose total hours in any one work day thereof do not exceed 6, in specific wage and hour orders.

COLORADO	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
			12	40
		\$5.15		

CONNECTICUT	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
				40
		\$6.40		
	01/01/02	\$6.70		

In restaurants and hotel restaurants, for the 7th consecutive day of work, premium pay is required at time and one-half the minimum rate.

The Connecticut minimum wage rate automatically increases to 1/2 of 1 percent above the rate set in the Fair Labor Standards Act if the Federal minimum wage rate equals or becomes higher than the State minimum.

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DELAWARE

**Future
Effective
Date**

**Basic
Minimum Rate
(per hour)**

**Premium Pay After
Designated Hours ¹**

Daily

Weekly

\$6.15

The Delaware minimum wage is automatically replaced with the Federal minimum wage rate if it is higher than the State minimum.

DISTRICT OF COLUMBIA

**Future
Effective
Date**

**Basic
Minimum Rate
(per hour)**

**Premium Pay After
Designated Hours ¹**

Daily

Weekly

\$6.15

40

In the District of Columbia the rate is automatically set at \$1 above the Federal minimum wage rate.

FLORIDA

**Future
Effective
Date**

**Basic
Minimum Rate
(per hour)**

**Premium Pay After
Designated Hours ¹**

Daily

Weekly

No state minimum wage law.

N/A

N/A

GEORGIA

**Future
Effective
Date**

**Basic
Minimum Rate
(per hour)**

**Premium Pay After
Designated Hours ¹**

Daily

Weekly

(Applicable to employers of 6 or more employees)

\$3.25

The State law excludes from coverage any employment that is subject to the Federal Fair Labor Standards Act.

GUAM	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
		\$5.15		40

The Guam minimum wage law does not contain current dollar minimums. Instead it adopts the Federal minimum wage rate by reference.

HAWAII	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
		\$5.25		40

An employee earning a guaranteed monthly compensation of \$1,250 or more is exempt from the State minimum wage law.

The State law excludes from coverage any employment that is subject to the Federal Fair Labor Standards Act unless the State wage rate is higher than the Federal.

IDAHO	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
		\$5.15		

ILLINOIS	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
	<i>(Applicable to employers of 4 or more employees)</i>		\$5.15	40

The Illinois state minimum wage law does not contain current dollar minimums. Instead the state adopts the Federal minimum wage rate by reference.

INDIANA

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly
	\$5.15		40

(Applicable to employers of 2 or more employees)

The State law excludes from coverage any employment that is subject to the Federal Fair Labor Standards Act.

IOWA

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly
	\$5.15		

The Iowa minimum wage is automatically replaced with the Federal minimum wage rate if it is higher than the State minimum.

KANSAS

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly
	\$2.65		46

The State law excludes from coverage any employment that is subject to the Federal Fair Labor Standards Act.

KENTUCKY

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly
	\$5.15		40 7th day

The 7th day overtime law, which is separate from the minimum wage law differs in coverage from that in the minimum wage law and requires premium pay for those employees who have worked 40 hours in the six previous days.

The Kentucky state minimum wage law does not contain current dollar minimums. Instead the state

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adopts the Federal minimum wage rate by reference.

LOUISIANA	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
			<i>There is no state minimum wage law.</i>	N/A

MAINE	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
			\$5.15	40

The Maine minimum wage is automatically replaced with the Federal minimum wage rate if it is higher than the State minimum.

MARYLAND	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
			State Law	\$5.15
<i>Baltimore City Ordinance</i> <i>(Applicable to employers of 2 or more)</i>	\$5.15	40		

Under the state minimum wage law, premium pay is required after 48 hours in bowling alleys and for residential employees of institutions (other than a hospital) primarily engaged in the care of the sick, aged, or mentally ill.

The Maryland state minimum wage law does not contain current dollar minimums. Instead the state adopts the Federal minimum wage rate by reference.

MASSACHUSETTS

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly
	\$6.75		40

The Massachusetts minimum wage rate automatically increases to 10 cents above the rate set in the Fair Labor Standards Act if the Federal minimum wage equals or becomes higher than the State minimum.

MICHIGAN

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly
	\$5.15		40

(Applicable to employers of 2 or more employees)

The State law excludes from coverage any employment that is subject to the Federal Fair Labor Standards Act unless the State wage rate is higher than the Federal.

MINNESOTA

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly
	\$5.15		48
	\$4.90		

Large employer (enterprise with annual receipts of \$500,000 or more)

Small employer (enterprise with annual receipts of less than \$500,000)

MISSISSIPPI

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly
	N/A		N/A

No state minimum wage law.

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MISSOURI	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
		\$5.15		40

In addition to the exemption for federally-covered employment, the law exempts, among others, employees of a retail or service business with gross annual sales or business done of less than \$500,000.

Premium pay required after 52 hours in seasonal amusement or recreation businesses.

The Missouri state minimum wage law does not contain current dollar minimums. Instead the state adopts the Federal minimum wage rate by reference.

The State law excludes from coverage any employment that is subject to the Federal Fair Labor Standards Act.

MONTANA	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
State Law		\$5.15		40
<i>Except businesses with gross annual sales of \$110,000 or less</i>		\$4.00		

The Montana state minimum wage law does not contain current dollar minimums. Instead the state adopts the Federal minimum wage rate by reference via administrative action.

The State law excludes from coverage any employment that is subject to the Federal Fair Labor Standards Act unless the State wage rate is higher than the Federal.

NEBRASKA	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
<i>(Applicable to employers of 4 or more employees)</i>		\$5.15		

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NEVADA	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
			\$5.15	8

By mutual employer/employee agreement, a scheduled 10-hour day for 4 days a week may be worked without premium pay after 8 hours.

The premium overtime pay requirement on either a daily or weekly basis is not applicable to employees who are compensated at not less than one and one-half times the minimum rate or to employees of enterprises having a gross annual sales volume of less than \$250,000.

The Nevada state minimum wage law does not contain current dollar minimums. Instead the state adopts the Federal minimum wage rate by reference via administrative action.

NEW HAMPSHIRE	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
			\$5.15	

The New Hampshire minimum wage is automatically replaced with the Federal minimum wage rate if it is higher than the State minimum.

NEW JERSEY	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
			\$5.15	

The New Jersey State minimum wage law does not contain current dollar minimums. Instead the State adopts the Federal minimum wage rate by reference.

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NEW MEXICOFuture
Effective
DateBasic
Minimum Rate
(per hour)Premium Pay After
Designated Hours ¹

Daily

Weekly

\$4.25

40

NEW YORKFuture
Effective
DateBasic
Minimum Rate
(per hour)Premium Pay After
Designated Hours ¹

Daily

Weekly

\$5.15

40

The New York minimum wage is automatically replaced with the Federal minimum wage rate if it is higher than the State minimum.

NORTH CAROLINAFuture
Effective
DateBasic
Minimum Rate
(per hour)Premium Pay After
Designated Hours ¹

Daily

Weekly

\$5.15

40

Premium pay is required after 45 hours a week in seasonal amusements or recreational establishments.

The State law excludes from coverage any employment that is subject to the Federal Fair Labor Standards Act.

The North Carolina State minimum wage law does not contain current dollar minimums. Instead the State adopts the Federal minimum wage rate by reference.

NORTH DAKOTAFuture
Effective
DateBasic
Minimum Rate
(per hour)Premium Pay After
Designated Hours ¹

Daily

Weekly

\$5.15

40

2-14

OHIO

	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
State Law		\$4.25		40
<i>Except, employers with gross annual sales from \$150,000 to \$500,000</i>		\$3.35		
Except for employers with gross annual sales under \$150,000		\$2.80		

OKLAHOMA

	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
<i>Employers of ten or more full-time employees at any one location and employers with annual gross sales over \$100,000 irrespective of number of full-time employees.</i>		\$5.15		
All other employers.		\$2.00		

The Oklahoma state minimum wage law does not contain current dollar minimums. Instead the state adopts the Federal minimum wage rate by reference.

The State law excludes from coverage any employment that is subject to the Federal Fair Labor Standards Act.

OREGON

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly
	\$6.50		40

Premium pay required after 10 hours a day in nonfarm canneries, driers, or packing plants and in mills, factories or manufacturing establishments (excluding sawmills, planing mills, shingle mills, and logging camps).

PENNSYLVANIA	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
		\$5.15		40

The Pennsylvania state minimum wage law does not contain current dollar minimums. Instead the state adopts the Federal minimum wage rate by reference.

PUERTO RICO	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
		\$3.61 to \$5.15	8 <i>And on statutory rest day (double time)</i>	40 <i>(double time)</i>

Employers covered by the Federal Fair Labor Standards Act (FLSA) are subject only to the Federal minimum wage and all applicable regulations. Employers not covered by the FLSA will be subject to a minimum wage that is at least 70 percent of the Federal minimum wage or the applicable mandatory decree rate, whichever is higher. The Secretary of Labor and Human Resources may authorize a rate based on a lower percentage for any employer who can show that implementation of the 70-percent rate would substantially curtail employment in that business.

RHODE ISLAND	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
		\$6.15		40

Time and one-half premium pay for work on Sundays and holidays in retail and certain other businesses is required under two laws that are separate from the minimum wage law.

SOUTH CAROLINA	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
		N/A		N/A

No state minimum wage law.

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SOUTH DAKOTA

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly
	\$5.15		

TENNESSEE

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly
<i>No state minimum wage law.</i>	N/A		N/A

TEXAS

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly
	\$3.35		

The State law excludes from coverage any employment that is subject to the Federal Fair Labor Standards Act.

UTAH

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly
	\$5.15		

The Utah state minimum wage law does not contain current dollar minimums. Instead the state law authorizes the adoption of the Federal minimum wage rate via administrative action.

The State law excludes from coverage any employment that is subject to the Federal Fair Labor Standards Act.

VERMONT

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly

(Applicable to employers of two or more employees)

\$5.75 40

The State overtime pay provision has very limited application because it exempts numerous types of establishments, such as retail and service; seasonal amusement/recreation; hotels, motels, restaurants; and transportation employees to whom the Federal (FLSA) overtime provision does not apply.

The Vermont minimum wage is automatically replaced with the Federal minimum wage rate if it is higher than the State minimum.

VIRGINIA

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly

(Applicable to employers of 4 or more employees)

\$5.15

The Virginia state minimum wage law does not contain current dollar minimums. Instead the state adopts the Federal minimum wage rate by reference.

The State law excludes from coverage any employment that is subject to the Federal Fair Labor Standards Act.

VIRGIN ISLANDS

Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
		Daily	Weekly

State law

\$4.65

8

40
On 6th and 7th consecutive days.

Except businesses with gross annual receipts of less than \$150,000.

\$4.30

Implementation of an indexed rate, which was to have started January 1, 1991, has been delayed. (The law provides that on January 1, 1991, and each January 1 thereafter, the minimum rate is to equal 50 percent of the average private, nonsupervisory, nonagricultural hourly wage as determined by the

2-18

Virgin Islands Wage Board for the previous November, rounded to the nearest multiple of 5 cents.)

WASHINGTON	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
				40
		\$6.72		

Premium pay not applicable to employees who request compensating time off in lieu of premium pay.

Beginning January 1, 2001, and annually thereafter, the rate will be adjusted for inflation by a calculation using the consumer price index for urban wage earners and clerical workers for the prior year.

WEST VIRGINIA	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
				40
		\$5.15		

(Applicable to employers of 6 or more employees at one location)

The State law excludes from coverage any employment that is subject to the Federal Fair Labor Standards Act.

WISCONSIN	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
				40
		\$5.15		

WYOMING	Future Effective Date	Basic Minimum Rate (per hour)	Premium Pay After Designated Hours ¹	
			Daily	Weekly
		\$1.60		

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1 The overtime premium rate is one and one-half times the employee's regular rate, unless otherwise specified.

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TESTIMONY ON H.B. 2130
BY NICOLE BELVILLE, MANHATTAN, KANSAS
FEBRUARY 6, 2001

I am here today on behalf of myself and other restaurant workers to support making the Kansas minimum wage equal to the federal minimum wage.

I have been working in food service since I was 16, and speak from personal experience. Currently food servers are guaranteed only the Kansas minimum wage of \$2.65 an hour. We sometimes hear that we really make as much as the federal minimum wage of \$5.15/hour because tips make up the difference. For many of us who wait tables this is often not true.

Tips should not be counted as part of our wage, because they are not guaranteed, and because they often do not get us up to \$5.15/hour. Lots of elements will determine how much you earn in tips, such as how many tables you wait on, the location of the tables, the time of day, the pace of business, and the charity of the customer. Do not assume that patrons of a restaurant tip the server if the service was sufficient. I can run at the beck and call of customers with a smile on my face for 8 hours and leave with as little as \$10 in tips.

Restaurant service is hard work, and it deserves to be paid decently. Customers demand undivided attention even when they can see that it is not possible. This pressure requires stretching yourself as thin as you possibly can, and then hostile customers threaten to get you fired and leave nothing on the table. Sometimes the harder you work, the less you get in tips because the customers are not getting your undivided attention. That does not matter to your employer. He will expect "fast friendly service" no matter what, even if a tip will not be the outcome. Sometimes it takes great personal restraint not to walk off the job. We stay because we have to pay the bills.

If employers demand that we put up with this high pressure work, and do it well, they should have to pay us a reasonable minimum wage.

Imagine the harsh realities of living on the current state minimum wage or maybe a little more without relying on government programs. I now make \$3.00/hour in wages. I cannot afford to go to the doctor for regular checkups and illness. Even if I could afford to go to the doctor I would not be able to afford the medication.

Each month I decide which service is in danger of being disconnected, and I rush to cover it with the check I receive from the restaurant. My tips are used for gas, food and household necessities. I do not have a telephone, an extensive wardrobe, vacations, evenings out for dinner or movies. Every last penny I make is used for bare necessities.

This is true for many food servers I know. A single mother of 3 that I work with feeds her children on a diet of ramen noodles and peanut butter sandwiches. Luckily her mother is able to provide childcare or else she would have to rely on SRS for help. Who needs welfare reform? We need to be able to make ends meet by getting paid a decent wage when we are hard at work. A low state minimum wage disables people like me from helping themselves. Our work doesn't earn nearly enough to make ends meet. It means we have to rely on government programs when we could be supporting ourselves from our own labor.

I ask you to bring the state minimum wage up to the federal minimum.



KANSAS

Bill Graves
Governor

DEPARTMENT OF HUMAN RESOURCES
Kansas Commission on Disability Concerns

Richard E. Beyer
Secretary

Mission Statement: The Kansas Commission on Disability Concerns believes that all people with disabilities are entitled to be equal citizens and equal partners in Kansas society

TESTIMONY TO HOUSE BUSINESS, COMMERCE AND LABOR COMMITTEE
Tuesday, February 6, 2001
by Sharon Huffman, Legislative Liaison

Thank you for the opportunity to testify in support of HB 2130. The Kansas Commission on Disability Concerns (KCDC) is an advisory commission that provides information and education to the legislature and governor on issues of importance to Kansans with disabilities. The mission statement of KCDC is: The purpose of the Kansas Commission on Disability Concerns is to involve all segments of the Kansas community through legislative advocacy, education and resource networking to ensure full and equal citizenship for all Kansans with disabilities. KCDC adopted a lofty goal of making Kansas the number one state in the nation for employment of people with disabilities and would like to address an issue that will help accomplish that goal.

According to the 2000 N.O.D./Harris Survey of Americans with Disabilities conducted for the National Organization on Disability (N.O.D.), only three in ten working-age (18-64) people with disabilities are employed full or part-time, two out of three (67%) of whom would prefer to be working. Although this bill does nothing to address the unemployment rate of people with disabilities, by increasing the state minimum wage it will provide some incentives for some currently unemployed individuals to go to work.

Without going into details because I'm sure there are others here today who can do that much more eloquently than I could, I just want to stress that many people with disabilities who are currently receiving Social Security Disability Income (SSDI) or Supplemental Security Income (SSI) want to work. Unfortunately there are many disincentives built into the system that prevent them from accepting employment. One of those is entry level wages that are lower than the current level of SSDI or SSI payment. By removing just this one barrier you will be able to open up the doors of employment to many people with disabilities who want to work.

KCDC urges this committee to recommend passage of HB 2130. Thank you.

House Business, Commerce & Labor Committee

2-6-01

Attachment 4

**Testimony to
House Business, Commerce & Labor Committee
Representative Al Lane, Chair
In support of HB 2130**

February 6, 2001

Mr. Chairman and members of the committee, thank you for this opportunity to testify before you today. My name is Shannon Jones and I am the executive director of the Statewide Independent Living Council of Kansas (SILCK). The SILCK is mandated by the federal Rehabilitation Act as amended in 1998 to examine programs and policies at the state level and determine what changes, modifications and innovations may be necessary to remove barriers faced by people with disabilities and to make recommendations for such changes so that independent living and economic self sufficiency is possible for all Kansans. To accomplish this mission we work closely with Centers for Independent Living and Kansans with disabilities of all ages. Today I am also representing the Kansas Association of Centers for Independent Living or KACIL.

The SILCK and KACIL support HB 2130 for several reasons. First, obtaining economic self-sufficiency for people with disabilities is recognized as being one of the most important goals of living as independently as possible. Advocates have worked tirelessly over the past few decades to eliminate the barriers that have kept people with disabilities in isolation, segregated settings and living in poverty. We have made great strides most recently at the federal level with the passage of the Ticket to Work and Work Incentive Improvement Act (TWWIIA). Under this act states have the option of extending Medicaid coverage to working people with disabilities whose income otherwise would disqualify them from the health care coverage they so vitally need.

If we are successful this year in implementing the Medicaid Buy-in program at the state level, we anticipate a whole new influx of potential employees, Kansans with disabilities. Current income guidelines prohibit folks from earning more than \$698 per month (100% FPL) or risk losing their Medicaid coverage. Our proposal for the Medicaid Buy-in program would raise eligibility to 300% of FPL or approximately \$2,100 per month with individuals contributing up to 7.5% of their earnings to help cover the cost of their health care.

Most folks will start out with entry-level jobs. But they will have to consider will it really be worth working if at only \$2.65 per hour? How can Kansans be expected to pay for their heating bills let alone their prescription drugs etc.? Again there will not be much incentive to go work if they are only earning \$2.65 per hour or \$424 per month, well below the federal poverty level. By raising the minimum wage to \$5.15 per hour or \$824 per month, this becomes much more attractive to folks entering the workforce for the first time.

The SILCK and KACIL clearly see the Medicaid Buy-in program and the raising of the state minimum wage as the path to getting folks to become taxpayers rather than tax takers. By raising the minimum wage to that equal to the federal minimum wage we will steadily see folks with disabilities moving off the system and contributing to the system. More Kansans seeking and finding employment at a decent wage will further strengthen the Kansas economy. New taxpayers will add resources to the state. We will have the dignity of earning a fair and decent salary and become part of the community

We urge your support to favorably pass HB 2130.

Kansas House Committee on Business, Commerce and Labor
Hearing on House Bill No. 2130 • 6 February 2001

Testimony by Bill Beachy, President
Kansas Action Network

Mr. Chairman, Representative Ruff, and members of the Committee. Thank you for the opportunity to appear before you today in support of House Bill No. 2130. My name is Bill Beachy. I am speaking to you as president of Kansas Action Network, a coalition of Kansas citizens concerned with the economic fairness and social justice of our state laws. Our coalition includes farmers, members of organized labor, religious organizations, people of color, people with disabilities and peace and justice groups across the state.

According to U.S. Department of Labor statistics, Kansas has 20,000 people 18 years and older who work at regular jobs in our state who are paid less than the federal minimum wage of \$5.15 an hour. We may interact with these folks regularly, yet they remain invisible to us. They deliver our newspapers, take care of our elderly and infirm; they work in recreation and other small businesses, small newspapers or on the farm; and they take home less than \$800 a month! Do any of us think that that is a decent wage?

Also from the U.S. Department of Labor, I found that a higher percentage of Kansans works for less than the Federal minimum wage than is the case nationally: 2.7% for Kansas, compared to 2.4% for the nation as a whole.

The Kansas Action Network feels that making our state's minimum wage be the same as the Federal is the least we can do. We in KAN look forward to working with members of the committee on this and other issues of economic justice important to our state.

Kansans Respond

P.O. Box 2234
Topeka, KS 66601

(785) 232-8663
ksrespond@aol.com

February 6, 2001

Testimony on HB 2130

House committee on Business, Commerce and Labor

Mary Becker,
Executive Director

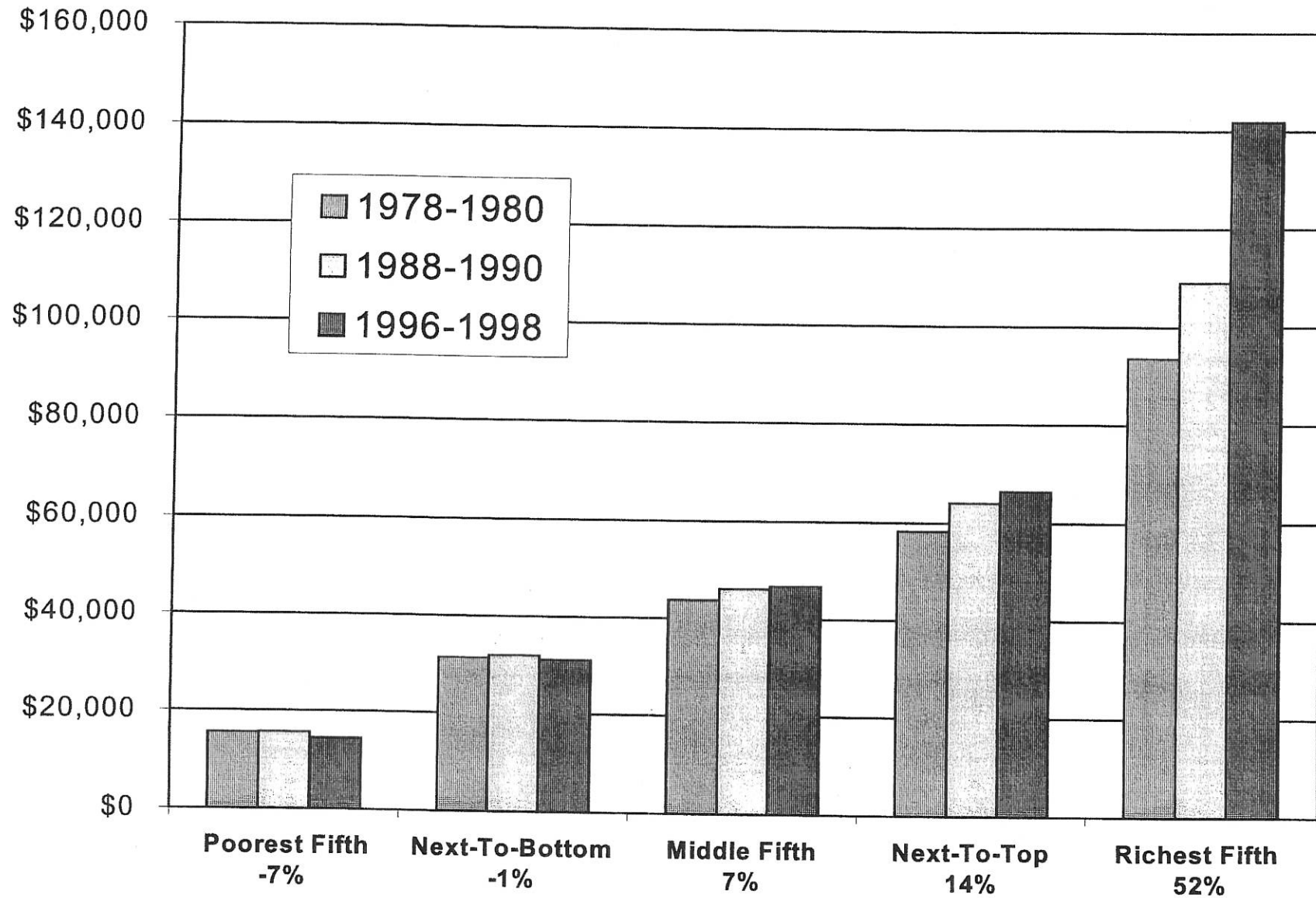
House Business, Commerce & Labor Committee

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Attachment 7

Average Income of Kansas Families

7-2



Inflation-adjusted 1997 dollars. Data is from Census Bureau's March Current Population Survey public use database.
Income from capital gains not included.

Graph by Kansans Respond (1/2000)

I. Income Disparity High in Kansas

A major national report was released last year by the Center on Budget and Policy Priorities and the Economic Policy Institute, called "Pulling Apart: A State-by-State Analysis of Income Trends". Below is a brief summary of the report's findings:

- Income inequality is wide and it increased in all states but four over the last two decades.
- Kansas is one of only 15 states whose poor have actually become poorer in the decade of the '90's, while high-income families grew richer.
- Kansas ranks 6th worst in the **growth** of inequality between the richest and poorest families from the late 1980's to the late 1990's.

On wages:

The growth of income inequality is primarily due to the growth in wage inequality. Wages at the bottom and middle of the wage scale have been stagnant or have declined over the last two decades. The wages of the very highest paid employees, however, have grown significantly.

II. Most Current Wage Information

In the late 1990's, wages of both low-wage workers and workers in the middle of the wage distribution grew in Kansas. However, gains by these workers did not make up for losses in the 1980s. In 1999, the inflation-adjusted hourly wages of low-wage workers (workers at the 20th percentile) were 6.3% lower than they were in 1979.

Kansas At A Glance, *Economic Policy Institute*

III. Level of Need Being Experienced by Low-Income Kansans

Emergency service providers throughout the state report a high volume of clients, many report continuing increases. Agencies also report that increasingly, a large percentage of their clients are working people. People earning low wages who are turning to community agencies for emergency help with rent, utilities, food, transportation, medical care, and prescription drugs.

- The Kansas Foodbank Warehouse, food distributor to 450 food programs in the state such as food pantries and soup kitchens, increased their distributions by 37 percent in 1999. That was the third consecutive year of increases.
- Topeka Rescue Mission completed a \$2 million expansion to their facility last year due to the dramatic increase in homelessness among families in recent years. The new expansion opened in February and by July, they were full. They have remained full ever since.
- Catholic Charities in Wichita served 7,000 clients for emergency services in 1999. They turned away 10,000 people during the same time period, due to lack of resources.

**Testimony in support of HB2130
Business, Commerce and Labor Committee
February 6, 2001
Sister Therese Bangert
Archdiocese of Kansas City in Kansas
913-321-9400**

WELFARE REFORM STATEMENT:

The Catholic Bishops of Kansas just released their fourth Welfare Reform Statement. These statements are a response to the concerns that Catholic Charity directors across the state brought to them about welfare reform policy. The Bishops have an ever present concern about the families of Kansas. Those parents who are working but not able to provide for the basic needs of their children are of particular concern. Adequate income must be addressed as we continue to engage in the welfare reform process. Thus we testified last year in support of SB265 and we return this year to support HB2130.

Last year Catholic Charities in the Archdiocese served 60,000 Kansans.

THE DIGNITY OF WORK AND THE RIGHTS OF WORKERS:

One of the major themes of Catholic Social Teaching is the dignity of work and the rights of workers. The economy must serve people, not the other way around. If the dignity of work is to be protected, then the basic rights of workers must be respected - the right to productive work and the right to decent and fair wages.

KANSAS STANDARD OF NEED AND SELF-SUFFICIENCY STUDY, 1999:

Kansas State University released a report called the Proposed Standard of Need and the Self-Sufficiency standard for the State of Kansas, 1999. This standard is based on an “adequate but austere” household income. The two charts that accompany this testimony are from that report. The charts demonstrate the hourly wage necessary for a family in Kansas. The charts clearly demonstrate the wide chasm between the minimum wage and the standard of need for families in Kansas.

Thank YOU for the opportunity to testify. Please support HB2130.

House Business, Commerce & Labor Committee

2-6-01

Attachment 8

Table ES-2
 Self-Sufficiency Standards by Type of Household Expense, Monthly Earnings, and Hourly Wage, by Household Type for the State of Kansas: July, 1999.

	Single Adult	Adult, Infant	Adult, Preschooler	Adult, Infant, Preschooler	Adult, Schoolage, Teen	Adult, Infant, Preschooler, Schoolage	2 Adults, Infant, Preschooler
Housing	377.10	480.02	480.02	480.02	480.02	643.36	480.02
Child Care	0.00	529.05	445.63	974.68	190.14	1164.81	974.68
Food	164.29	241.96	250.01	325.85	431.69	430.69	467.20
Transportation	193.00	193.00	193.00	193.00	193.00	193.00	386.00
Medical Care	65.81	196.18	196.18	204.37	196.18	204.37	226.37
Miscellaneous	80.02	164.02	156.48	217.79	149.10	263.62	253.43
Total Taxes	189.69	260.48	188.51	378.09	-63.99	473.33	434.86
Monthly Earnings	1069.91	2064.70	1909.85	2773.81	1576.15	3373.19	3222.55
Hourly Wage	6.42	12.39	11.46	16.64	9.46	20.24	9.67*

* Hourly wage rate for each of two earners in the household.

The hourly wages have the following ranges by household types across counties within Kansas.

	<u>Low</u>	<u>High</u>
Single Adult	5.75	7.08
Adult and Infant	9.21	15.21
Adult and Preschooler	8.86	13.62
Adult, Infant and Preschooler	12.38	19.20
Adult, Schoolage and Teen	8.02	10.52
Adult, Infant, Preschooler and Schoolage	15.86	23.44
Two Adults, Infant and Preschooler	7.80*	10.90*

* Both adults in the household employed at this rate.

Adequate but Austere!

HEIN AND WEIR, CHARTERED

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*Admitted in Kansas & Texas

Testimony re: HB 2130

House Business, Commerce and Labor

Presented by Ronald R. Hein

on behalf of

Kansas Restaurant and Hospitality Association

February 6, 2001

Mister 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 the Kansas trade association for restaurant, hotel, lodging and hospitality businesses in Kansas.

The KRHA opposes HB 2130. Minimum wage legislation, on the surface, sounds good in concept. It would appear to help insure a certain, arbitrarily picked wage to all workers.

But, in practice, minimum wage legislation oftentimes works adversely to the very people that minimum wage legislation is intended to help. Most workers whose worth is higher than the minimum wage, including professionals, technically skilled workers, skilled laborers, and others, are not even impacted by minimum wage legislation. So, generally, the intent is to raise the wages of those people who are untrained, unskilled, probably but not always young, inexperienced workers either just entering the workforce, or in many instances, those who are attempting to get work experience while going to school or otherwise.

The result of such minimum wage legislation is oftentimes to force the employer to reconsider his or her willingness to employ the least educated, least trained, least experienced worker for employment. If the employer is forced to pay more than what the employee is worth at that point in time, the employer might decide to employ an individual who is more skilled, experienced, or trained. The government can increase the minimum wage, but cannot force employers to pay a higher wage to those least employable and highest at risk workers.

The minimum wage in Kansas certainly appears to be extremely low.

The impact of the minimum wage, both federal and state, is slightly different for the restaurant, lodging, and hospitality industry due to the fact that many employees of our

House Business, Commerce & Labor Committee

2-6-01 Attachment 9

industry also receive tips. Under federal law, the minimum wage is \$5.15 per hour. But, pursuant to federal law, only \$2.13 of that minimum wage is required to be paid by the employer in direct pay if the employee receives tips in a sufficient amount to exceed the \$5.15 minimum wage. If the tips do not bring the total wage to the minimum wage level, then the employer must make up the difference in cash payment to meet that minimum wage.

Under state law, the minimum wage is \$2.65 per hour, but a maximum of 40% of such amount can be in tips. If the minimum wage is raised to the federal minimum wage, the employer must pay a cash wage of \$3.09 per hour, since only 40% of the \$5.15 (\$2.06) could be counted in tips.

To clarify this distinction, take an employee who is covered by state minimum wage vs. an employee who is covered by federal minimum wage. Assume both employees receive tips of \$5.00 per hour. Under federal law, the payment of \$2.13 plus the \$5.00 in tips per hour would result in total employee pay of \$7.13 per hour. Under state law, the employee would have to be paid \$3.09 by the employer, and would add their \$5.00 in tips to that, resulting in \$8.09 total wages per hour. Thus, for tip heavy businesses, HB 2130 would require a higher payment than the federal minimum wage.

Although the KRHA opposes HB 2130, they would have no objection to the repeal of the state minimum wage. The vast majority of food and beverage employees in Kansas, which constitutes approximately 13.5% of the workforce, already pay in excess of the federal minimum wage.

The federal Fair Labor Standards Act of 1938, as amended, provides that the act “applies to enterprises that have employees who are engaged in interstate commerce, producing goods for interstate commerce, or handling, selling or working on good or materials that have been moved in or produced for interstate commerce.”

There is also the so-called “enterprise” test, which requires \$500,000 annual volume to be engaged in interstate commerce. But even if the income is below that, any businesses are covered, or specific employees are covered, to the extent that they are otherwise meeting the definition of the act. The act has also been interpreted to cover those businesses which have credit card sales because of the interstate nature of credit cards.

When government raises the minimum wage, at the state or federal level, it has a “bumping” effect on the entire staff. If the federal minimum wage is raised from \$5.15 to \$6.15 per hour, the person making \$6.15 per hour, who has some skills or experience which warrant the higher level of pay, then wants to know why the starting, unskilled employee is making the same amount as him/her. They then want to move up to \$7.15 per hour, which then causes the \$7.15 per hour employee to feel the same way. And so

on up the ladder. In short, when the government gets in the business of statutorily setting minimum wages or prices, it has the effect of altering the free market system.

HB 2130 is also defective because it constitutes an unconstitutional delegation of Kansas legislative authority to the federal government. It is my understanding, and I know that this has been confirmed by opinion of the Revisor of Statutes Office in the past, that state law, in order to be constitutional, can specify a federal law or other reference only as of a date certain. To simply reference the federal law and amendments thereto, is an unconstitutional delegation of state authority. To correct this, it is my understanding that line 18 of HB 2130 would have to be changed to delete "and amendments thereto" and to insert a date certain. This is an extremely complex legal issue, which I believe the Attorney General has ruled on in the past, but I would simply call it to the committee's attention, and would urge the committee to confer with their legal staff on this point.

Although the KRHA would support the repeal of the state minimum wage and opposes HB 2130, if the committee is inclined to support HB 2130, we would propose that the bill be amended to have tips be treated the same way as they are pursuant to the federal wage and hour law. A copy of balloon amendments that would accomplish that is attached to my testimony.

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

HOUSE BILL No. 2130

By Committee on Business, Commerce and Labor

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9-4

9 AN ACT concerning the state minimum wage; amending K.S.A. 44-1203
10 and repealing the existing section.

11

12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. K.S.A. 44-1203 is hereby amended to read as follows: 44-
14 1203. (a) Except as otherwise provided in the minimum wage and maxi-
15 mum hours law, every employer shall pay to each employee wages at a
16 rate of not less than \$2.65 an hour. *On and after July 1, 2001, such*
17 *minimum wage shall be an amount per hour equal to the amount provided*
18 *by section 6 of the fair labor standards act and amendments thereto. The*
19 *secretary shall continuously monitor changes in the wages specified in the*
20 *fair labor standards act and shall notify Kansas employers of changes*
21 *thereto. In calculating such minimum wage rate, an employer may include*
22 *tips and gratuities received by an employee in an amount equal to not*
23 *more than 40% of the minimum wage rate if such tips and gratuities have*
24 *customarily constituted part of the remuneration of the employee and if*
25 *the employee concerned actually received and retained such tips and*
26 *gratuities. The secretary shall require each employer desiring approval of*
27 *an allowance for gratuities to provide substantial evidence of the amounts*
28 *of such gratuities on account of which the employer has taken an allow-*
29 *ance pursuant to this section.*

actually
and retained

the same manner as tips and gratuities are
treated pursuant to the fair labor standards
act, as of (date).

30 (b) ~~The provisions of this section shall not apply to any employers~~
31 ~~and employees who are covered under the provisions of section 6 of the~~
32 ~~fair labor standards act of 1938 as amended (29 U.S.C.A. § 206), and as~~
33 ~~amended by the fair labor standards amendments of 1974 and any other~~
34 ~~acts amendatory thereof or supplemental thereto.~~

35 Sec. 2. K.S.A. 44-1203 is hereby repealed.

36 Sec. 3. This act shall take effect and be in force from and after its
37 publication in the statute book.