

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2019 REGULAR SESSION**

MEASURE

2019 BR NUMBER 0302

SENATE BILL NUMBER 51

TITLE AN ACT relating to wages.

SPONSOR Senator R. Thomas

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Executive, Legislative, and Judicial branches

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED _____

| FISCAL ESTIMATES | 2018-2019 | 2019-2020 | ANNUAL IMPACT AT FULL IMPLEMENTATION |
|------------------|----------------|----------------|--------------------------------------|
| REVENUES | Indeterminable | Indeterminable | Indeterminable |
| EXPENDITURES | Indeterminable | Indeterminable | Indeterminable |
| NET EFFECT | Indeterminable | Indeterminable | Indeterminable |

() indicates a decrease/negative

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

FISCAL EXPLANATION: Based on data from January 2017 identifying employees of the Commonwealth earning minimum wage, the proposed increase in state minimum wage would increase wage and benefit costs in the next biennium approximately \$220,000 in FY 19 and \$340,000 in FY 20. There would likely be an indeterminable cost increase in contracted temporary employee pricing (janitorial staff, lockmasters, clerical workers, etc.) where hourly rates are currently below the proposed minimum wage increase. This analysis does not account for any new hires, terminations, or employees who have received raises above current minimum wage rates.

The overall impact of SB 51 is indeterminable. Rising wages could have a positive impact on state income tax collections if conditions remained the same, however, employers may also reduce the number of employees/hours worked to offset increasing salary/wage expenses, which would negate the amount of state income tax withheld.

*KRS 6.945 may apply and any fiscal impact upon cities would be addressed in a local mandate.

DATA SOURCE(S): Governor's Office for Policy and Management, LRC Budget Review Office and LRC Staff Economists **PREPARER:** Sara Rome **NOTE NUMBER:** 7 **REVIEW:** JAB **DATE:** 1/10/2019

LRC 2019-BR0302-SB51