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S.301

Introduced by Senators Galbraith, Ashe, Ayer, Baruth, Cummings, Fox,
McCormack, and White

Referred to Committee on

Date:

Subject: Labor; employment practices; minimum wage

Statement of purpose of bill as introduced: This bill proposes to raise the
Vermont minimum wage to \$12.00 per hour.

An act relating to raising the Vermont minimum wage

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. FINDINGS

The General Assembly finds that:

(1) The 2014 Vermont minimum wage of \$8.73 is lower in
inflation-adjusted dollars than the minimum wage in Vermont in 1968.

(2) The share of income for a minimum wage worker in the United
States as compared to the mean wage of all full-time workers is 25 percent less
than what it was 50 years ago in spite of the enormous growth in per capita
income over this period. As compared to the income of the top one percent of
Americans, the income of a minimum wage worker is less than one-third of
what it was 50 years ago.

1 (3) Employers paying the minimum wage effectively transfer part of
2 their labor costs from themselves to the taxpayers, with taxpayers
3 supplementing the income of low wage workers through the Earned Income
4 Tax Credit, SNAP (formerly food stamp) benefits, LIHEAP, and other state
5 and federally sponsored anti-poverty programs.

6 (4) Some corporations aggressively take advantage of government
7 subsidies to their labor costs by instituting programs to assist their low wage
8 employees to sign up for SNAP, LIHEAP, and other benefits.

9 (5) Economists who have studied minimum wage issues believe that
10 paying a minimum wage at \$12.00 per hour will entail only a minor increase in
11 costs to consumers (less than one percent) and will have very little impact on
12 economic competitiveness. Today's minimum wage jobs are mostly in the
13 service sector and are not mobile.

14 (6) A higher minimum wage will stimulate Vermont's economy as low
15 income workers spend almost all their income on goods and services and spend
16 a higher percentage of their income locally than do more affluent Vermonters.

17 (7) In addition to raising living standards for the least well-off
18 Vermonters, a higher minimum wage is a fiscally conservative step that saves
19 taxpayers money by reducing the number of low income Vermonters receiving
20 benefits as well as the amount each beneficiary receives.

1 Sec. 2. 21 V.S.A. § 384 is amended to read:

2 § 384. EMPLOYMENT; WAGES

3 (a) An employer shall not employ an employee at a rate of less than ~~\$7.25,~~
4 ~~\$12.00,~~ and, beginning January 1, ~~2007,~~ 2016 and on each subsequent
5 January 1, the minimum wage rate shall be increased by five percent or the
6 percentage increase of the Consumer Price Index, CPI-U, U.S. city average,
7 not seasonally adjusted, or successor index, as calculated by the U.S.
8 Department of Labor or successor agency for the 12 months preceding the
9 previous September 1, whichever is smaller, but in no event shall the minimum
10 wage be decreased. The minimum wage shall be rounded off to the nearest
11 \$0.01. An employer in the hotel, motel, tourist place, and restaurant industry
12 shall not employ a service or tipped employee at a basic wage rate less than
13 \$3.65 an hour, and beginning January 1, 2008, and on each January 1
14 thereafter, this basic tip wage rate shall be increased at the same percentage
15 rate as the minimum wage rate. ~~For the purposes of~~ As used in this subsection,
16 “a service or tipped employee” means an employee of a hotel, motel, tourist
17 place, or restaurant who customarily and regularly receives more than \$120.00
18 per month in tips for direct and personal customer service. If the minimum
19 wage rate established by the ~~United States~~ U.S. government is greater than the
20 rate established for Vermont for any year, the minimum wage rate for that year
21 shall be the rate established by the ~~United States~~ U.S. government.

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Sec. 3. EFFECTIVE DATE

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This act shall take effect on January 1, 2015.