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S.40

Introduced by Senators Sirotkin, Ingram, Ayer, Balint, Baruth, Brooks,
Clarkson, Cummings, Lyons, MacDonald, McCormack,
Pearson, Pollina, and White

Referred to Committee on Economic Dev., Housing and General Affairs

Date: January 20, 2017

Subject: Labor; employment practices; minimum wages

Statement of purpose of bill as introduced: This bill proposes to increase the
minimum wage so that it reaches \$15.00 per hour by January 1, 2022.

An act relating to increasing the minimum wage

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

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

~~§ 384. EMPLOYMENT; WAGES~~

~~(a)(1) An employer shall not employ any employee at a rate of less than
\$9.15. Beginning January 1, 2016, an employer shall not employ any
employee at a rate of less than \$9.60. Beginning January 1, 2017, an employer
shall not employ any employee at a rate of less than \$10.00. Beginning on
January 1, 2018, an employer shall not employ any employee at a rate of less
than \$10.50, and beginning, Beginning on January 1, 2019, an employer shall~~

1 ~~not employ any employee at a rate of less than \$11.50. Beginning on~~
2 January 1, 2020, an employer shall not employ any employee at a rate of less
3 than \$12.50. Beginning on January 1, 2021, an employer shall not employ any
4 employee at a rate of less than \$13.50. Beginning on January 1, 2022, an
5 employer shall not employ any employee at a rate of less than \$15.00, and on
6 each subsequent January 1, the minimum wage rate shall be increased by five
7 percent or the percentage increase of the Consumer Price Index, CPI-U, U.S.
8 city average, not seasonally adjusted, or successor index, as calculated by the
9 U.S. Department of Labor or successor agency for the 12 months preceding
10 the previous September 1, whichever is smaller, but in no event shall the
11 minimum wage be decreased. The minimum wage shall be rounded off to the
12 nearest \$0.01.

13 (2) An employer in the hotel, motel, tourist place, and restaurant
14 industry shall not employ a service or tipped employee at a basic wage rate
15 less than one-half the minimum wage established pursuant to subdivision (1)
16 of this subsection. As used in this subsection, “a service or tipped employee”
17 means an employee of a hotel, motel, tourist place, or restaurant who
18 customarily and regularly receives more than \$120.00 per month in tips for
19 direct and personal customer service.

20 (3) If the minimum wage rate established by the U.S. government is
21 ~~greater than the rate established for Vermont for any year, the minimum wage~~

1 ~~rate for that year shall be the rate established by the U.S. government.~~

2 * * *

3 Sec. 2. EFFECTIVE DATE

4 ~~This act shall take effect on July 1, 2017.~~

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

§ 384. EMPLOYMENT; WAGES

(a) An employer shall not employ any employee at a rate of less than \$9.15. ~~Beginning January 1, 2016, an employer shall not employ any employee at a rate of less than \$9.60. Beginning January 1, 2017, an employer shall not employ any employee at a rate of less than \$10.00. Beginning on January 1, 2018, an employer shall not employ any employee at a rate of less than \$10.50, and beginning~~. Beginning on January 1, 2019, an employer shall not employ any employee at a rate of less than \$11.10. Beginning on January 1, 2020, an employer shall not employ any employee at a rate of less than \$11.75. Beginning on January 1, 2021, an employer shall not employ any employee at a rate of less than \$12.50. Beginning on January 1, 2022, an employer shall not employ any employee at a rate of less than \$13.25. Beginning on January 1, 2023, an employer shall not employ any employee at a rate of less than \$14.10. Beginning on January 1, 2024, an employer shall not employ any employee at a rate of less than \$15.00, and on each subsequent January 1, the minimum wage rate shall be increased by five percent or the percentage increase of the Consumer Price Index, CPI-U, U.S. city average, not seasonally adjusted, or successor index, as calculated by the U.S. Department of Labor or successor agency for the 12 months preceding the previous September 1, whichever is smaller; but in no event shall the minimum wage be decreased. The minimum wage shall be rounded off to the nearest \$0.01. An employer in the hotel, motel, tourist place, and restaurant industry shall not employ a service or tipped employee at a basic wage rate less than one-half the minimum wage. As used in this subsection, "a service or tipped employee" means an employee of a hotel, motel, tourist place, or restaurant who customarily and regularly receives more than \$120.00 per month in tips for direct and personal customer service. If the minimum wage rate established by the U.S. government is greater than the rate established for Vermont for any year, the minimum wage rate for that year shall be the rate established by the U.S. government.

* * *

(e)(1) A tip shall be the sole property of the employee or employees to whom it was paid, given, or left. An employer that permits patrons to pay tips by credit card shall pay an employee the full amount of the tip that the customer indicated, without any deductions for credit card processing fees or costs that may be charged to the employer by the credit card company.

(2) An employer shall not collect, deduct, or receive any portion of a tip left for an employee or credit any portion of a tip left for an employee against the wages due to the employee pursuant to subsection (a) of this section.

(3) This subsection shall not be construed to prohibit the pooling of tips among service or tipped employees as defined pursuant to subsection (a) of this section.

Sec. 2. CHILD CARE FINANCIAL ASSISTANCE PROGRAM; STATE PLAN

To the extent funds are appropriated, the Commissioner for Children and Families shall amend the Department for Children and Families' federal Child Care and Development Fund State Plan to:

(1) adjust the sliding scale of the Child Care Financial Assistance Program benefit to correspond with each minimum wage increase required pursuant to this act to ensure that the benefit percentage at each new minimum wage level remains the same as the percentage applied under the former minimum wage; and

(2) adjust the market rate used to inform the fee scale in a manner that offsets the estimated increased cost of child care in Vermont resulting from the increase in the minimum wage required pursuant to this act.

Sec. 3. MINIMUM WAGE; ADJUSTMENT FOR INFLATION; REPORT

On or before January 15, 2023, the Legislative Council and the Joint Fiscal Office shall submit a written report to the House Committee on General, Housing, and Military Affairs and the Senate Committee on Economic Development, Housing and General Affairs regarding potential mechanisms for indexing the minimum wage established pursuant to 21 V.S.A. § 384 to inflation after 2024. In particular, the report shall:

(1) identify and examine mechanisms that other jurisdictions use to index their minimum wages to inflation and the potential benefits and disadvantages of each mechanism; and

(2) identify and examine any alternative mechanisms to index the minimum wage to inflation, including alternative measures of inflation, and the potential benefits and disadvantages of each mechanism.

Sec. 4. 21 V.S.A. § 383 is amended to read:

§ 383. DEFINITIONS

Terms used in this subchapter have the following meanings, unless a different meaning is clearly apparent from the language or context:

- (1) "Commissioner," means the Commissioner of Labor or designee;*
- (2) "Employee," means any individual employed or permitted to work by an employer except:*

** * **

- (3) "Occupation," means an industry, trade, ~~or~~ business or branch thereof, or a class of work in which workers are gainfully employed.*

- (4) "Tip" means a sum of money gratuitously and voluntarily left by a customer for service, or indicated on a bill or charge statement, to be paid to a service or tipped employee for directly and personally serving the customer in a hotel, motel, tourist place, or restaurant. An employer-mandated service charge shall not be considered a tip.*

Sec. 5. EFFECTIVE DATE

This act shall take effect on July 1, 2018.