

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on General, Housing, and Military Affairs to which was
3 referred Senate Bill No. 23 entitled “An act relating to increasing the minimum
4 wage” respectfully reports that it has considered the same and recommends
5 that the House propose to the Senate that the bill be amended by striking out all
6 after the enacting clause and inserting in lieu thereof the following:

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

8 § 384. EMPLOYMENT; WAGES

9 (a)(1) An employer shall not employ any employee at a rate of less than
10 ~~\$9.15. Beginning on January 1, 2016, an employer shall not employ any~~
11 ~~employee at a rate of less than \$9.60. Beginning on January 1, 2017, an~~
12 ~~employer shall not employ any employee at a rate of less than \$10.00.~~
13 ~~Beginning on January 1, 2018, an employer shall not employ any employee at~~
14 ~~a rate of less than \$10.50, and beginning~~ \$10.78. Beginning on January 1,
15 2019 2020, an employer shall not employ any employee at a rate of less
16 than \$11.50. Beginning on January 1, 2021, an employer shall not employ any
17 employee at a rate of less than \$12.25. Beginning on January 1, 2022, an
18 employer shall not employ any employee at a rate of less than \$13.10.
19 Beginning on January 1, 2023, an employer shall not employ any employee at
20 a rate of less than \$14.05. Beginning on January 1, 2024, an employer shall
21 not employ any employee at a rate of less than \$15.00, and on each subsequent

1 January 1, the minimum wage rate shall be increased by five percent or the
2 percentage increase of the Consumer Price Index, CPI-U, U.S. city average,
3 not seasonally adjusted, or successor index, as calculated by the U.S.
4 Department of Labor or successor agency for the 12 months preceding the
5 previous September 1, whichever is smaller, but in no event shall the minimum
6 wage be decreased. The minimum wage shall be rounded off to the
7 nearest \$0.01.

8 (2) An employer in the hotel, motel, tourist place, and restaurant
9 industry shall not employ a service or tipped employee at a basic wage rate less
10 than one-half the minimum wage. As used in this subsection, “a service or
11 tipped employee” means an employee of a hotel, motel, tourist place, or
12 restaurant who customarily and regularly receives more than \$120.00 per
13 month in tips for direct and personal customer service.

14 (3) If the minimum wage rate established by the U.S. government is
15 greater than the rate established for Vermont for any year, the minimum wage
16 rate for that year shall be the rate established by the U.S. government.

17 * * *

18 (e)(1) A tip shall be the sole property of the employee or employees to
19 whom it was paid, given, or left. An employer that permits patrons to pay tips
20 by credit card shall pay an employee the full amount of the tip that the

1 customer indicated, without any deductions for credit card processing fees or
2 costs that may be charged to the employer by the credit card company.

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

6 (3) This subsection shall not be construed to prohibit the pooling of tips
7 among:

8 (A) service or tipped employees as defined pursuant to subsection (a)
9 of this section; or

10 (B) service or tipped employees who are paid at least the federal
11 minimum wage established pursuant to 29 U.S.C. § 206(a)(1) and non-
12 supervisory employees who do not customarily and regularly receive more
13 than \$120.00 per month in tips for direct and personal customer service.

14 Sec. 2. 21 V.S.A. § 383 is amended to read:

15 § 383. DEFINITIONS

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

19 (1) “Commissioner,” means the Commissioner of Labor or designee.

1 (2) “Employee,” means any individual employed or permitted to work
2 by an employer except:

3 * * *

4 (G) ~~taxi-cab~~ taxicab drivers;

5 (H) outside salespersons; and

6 (I) secondary school students under 18 years of age working during
7 all or any part of the school year or regular vacation periods. As used in this
8 subdivision (2)(I), “regular vacation periods” does not include the period
9 between two successive academic years.

10 (3) “Occupation,” means an industry, trade, ~~or~~ business or branch
11 thereof, or a class of work in which workers are gainfully employed.

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

17 Sec. 3. CHILD CARE FINANCIAL ASSISTANCE PROGRAM

18 (a) It is the intent of the General Assembly that investments and initiatives
19 set forth in this section and Sec. 4 of this act are meant to complement the

1 anticipated redesign of the Child Care Financial Assistance Program, which
2 shall be monitored by the General Assembly.

3 (b) In fiscal year 2020, of the funds appropriated from the General Fund to
4 the Department for Children and Families' Child Development Division,
5 \$1,250,000.00 shall be used to restore the base for the Child Care Financial
6 Assistance Program (CCFAP) and \$6,900,000.00 shall be used to adjust the
7 sliding fee scale and reimbursement rates in CCFAP as follows:

8 (1) adjust the sliding fee scale of CCFAP to ensure that families whose
9 gross income is up to 100 percent of the current federal poverty guidelines
10 receive 100 percent of the available benefit and that families whose gross
11 income is between 100 and 300 percent of the current federal poverty
12 guidelines receive between 99 and 10 percent of the available financial
13 assistance benefit, scaling between set eligibility levels as follows:

14 (A) 95 percent of the available financial assistance benefit for
15 families at 125 percent of the current federal poverty guidelines;

16 (B) 75 percent of the available financial assistance benefit for
17 families at 150 percent of the current federal poverty guidelines;

18 (C) 50 percent of the available financial assistance benefit for
19 families at 200 percent of the current federal poverty guideline; and

20 (D) 10 percent of the available financial assistance benefit for
21 families at 300 percent of the current federal poverty guidelines; and

1 (2) align rates of reimbursement for preschool and school age children
2 participating in CCFAP in fiscal year 2020 with the market rates reported on
3 the 2015 Vermont Market Rate Survey and maintain rates of reimbursement
4 for infants and toddlers participating in CCFAP in fiscal year 2020 with the
5 market rates reported on the 2017 Vermont Market Rate Survey.

6 Sec. 4. 33 V.S.A. § 3512(a)(4) is added to read:

7 (4) Beginning on January 1, 2025 and each subsequent year the
8 minimum wage is increased thereafter, the Commissioner for Children and
9 Families shall amend the Department for Children and Families' Child Care
10 Financial Assistance Program to:

11 (A) adjust the sliding fee scale to correspond with each minimum
12 wage increase required pursuant to 21 V.S.A. § 384(a)(1) in order to ensure
13 that the benefit percentage at each new minimum wage level is not lower than
14 the percentage applied under the former minimum wage; and

15 (B) adjust the rate of reimbursement paid to providers on behalf of
16 families participating in the Child Care Financial Assistance Program in a
17 manner that offsets the estimated increased cost of child care in Vermont
18 resulting from an increase in the minimum wage required pursuant to
19 21 V.S.A. § 384(a)(1).

20 Sec. 5. INCREASES FOR EMPLOYEES OF CERTAIN MEDICAID-
21 PARTICIPATING PROVIDERS; APPROPRIATION

1 (a) In order to increase Medicaid reimbursement rates to home health
2 agencies, nursing homes, residential care homes, assisted living residences, and
3 adult day agencies by \$3,305,646.00 in fiscal year 2020 to facilitate the
4 payment of wages to their employees who are providing health care services
5 pursuant to the State Medicaid Program that are equal to at least the minimum
6 wage set forth in 21 V.S.A. § 384 and to mitigate wage compression for
7 employees of those service providers who are in occupations with a starting
8 wage rate within \$1.00 of the minimum wage;

9 (1) \$874,894.00 is appropriated in fiscal year 2020 from the General
10 Fund to the Department of Vermont Health Access;

11 (2) \$1,021,691.00 is appropriated in fiscal year 2020 from federal funds
12 to the Department of Vermont Health Access; and

13 (3) the Secretary of Human Services shall redirect to the Medicaid
14 programs identified in this subsection an estimated \$650,000.00 of State funds
15 and any related federal matching funds from savings experienced by programs
16 within the Agency of Human Services as a result of the increase in the
17 minimum wage on January 1, 2020.

18 (b) On or before November 15, 2019, the Department of Vermont Health
19 Access shall submit a written report to the Joint Fiscal Committee regarding
20 the adequacy of the funds appropriated pursuant to subsection (a) of this

1 section, and any additional appropriation that may be necessary during fiscal
2 year 2020.

3 Sec. 6. INCREASES FOR EMPLOYEES OF CERTAIN MEDICAID-
4 PARTICIPATING PROVIDERS; PROJECTIONS; REPORT

5 On or before December 1, 2019, the Secretary of Human Services, in
6 consultation with the Joint Fiscal Office and relevant service providers, shall
7 submit a written report to the House Committees on Appropriations, on
8 General, Housing, and Military Affairs, on Health Care, and on Human
9 Services and the Senate Committees on Appropriations, on Economic
10 Development, Housing and General Affairs, and on Health and Welfare
11 regarding the projected costs for fiscal years 2021, 2022, 2023, and 2024 of
12 increasing Medicaid reimbursement rates to all Medicaid participating
13 providers, including designated agencies, specialized service agencies, home
14 health agencies, nursing homes, residential care homes, assisted living
15 residences, and adult day agencies, by an amount necessary to facilitate the
16 payment of wages to their employees who are providing services pursuant to
17 the State Medicaid Program that are equal to at least the minimum wage set
18 forth in 21 V.S.A. § 384 and to mitigate wage compression for employees
19 providing services pursuant to the State Medicaid Program who are in
20 occupations with a starting wage rate within \$1.00 of the minimum wage.

1 Sec. 7. MINIMUM WAGE; ADJUSTMENT FOR INFLATION; REPORT

2 On or before January 15, 2023, the Office of Legislative Council and the
3 Joint Fiscal Office shall submit a written report to the House Committee on
4 General, Housing, and Military Affairs and the Senate Committee on
5 Economic Development, Housing and General Affairs regarding potential
6 mechanisms for indexing the minimum wage established pursuant to 21 V.S.A.
7 § 384 to inflation after 2024. In particular, the report shall:

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

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

14 Sec. 8. TIPPED AND STUDENT MINIMUM WAGE STUDY
15 COMMITTEE; REPORT

16 (a) Creation. There is created the tipped and student minimum wage study
17 committee to examine the effects of altering or eliminating the basic wage rate
18 for tipped employees in Vermont and of eliminating the subminimum wage for
19 secondary school students during the school year.

1 (b) Membership. The Committee shall be composed of the following
2 members:

3 (1) one member of the House appointed by the Speaker of the House;

4 (2) one member of the Senate appointed by the Committee on
5 Committees;

6 (3) the Commissioner of Labor or designee;

7 (4) the Commissioner for Children and Families or designee;

8 (5) one member representing employers in the food service or
9 hospitality industry, appointed by the Speaker of the House; and

10 (6) one member representing tipped workers in the food service or
11 hospitality industry, appointed by the Committee on Committees.

12 (c) Powers and duties. The Committee shall study the effects of altering or
13 eliminating the basic wage rate for tipped employees and of eliminating the
14 subminimum wage for secondary school students during the school year,
15 including the following issues:

16 (1) the impact in states that have eliminated their tipped wage on:

17 (A) jobs, prices, and the state economy; and

18 (B) the welfare of tipped workers, women, and working families with
19 children;

20 (2) the impact in states that have increased their tipped wage during the
21 last 10 years on:

1 (A) jobs, prices, and the state economy; and

2 (B) the welfare of tipped workers, women, and working families with
3 children;

4 (3) the impact in states that have decoupled their tipped wage from the
5 standard minimum wage during the last 10 years on:

6 (A) jobs, prices, and the state economy; and

7 (B) the welfare of tipped workers, women, and working families with
8 children;

9 (4) the projected impact in Vermont of altering or eliminating the basic
10 wage rate for tipped employees on:

11 (A) jobs, prices, and the State economy; and

12 (B) the welfare of tipped workers, women, and working families with
13 children; and

14 (5) the projected impact in Vermont of eliminating the subminimum
15 wage for secondary school students on jobs, prices, the State economy, and the
16 welfare of individuals under 22 years of age.

17 (d) Assistance. The Committee shall have the administrative, technical,
18 and legal assistance of the Office of Legislative Council and the Joint Fiscal
19 Office.

20 (e) Report. On or before December 15, 2019, the Committee shall submit a
21 written report to the House Committee on General, Housing, and Military

1 Affairs and the Senate Committee on Economic Development, Housing and
2 General Affairs with its findings and recommendations, if any, for legislative
3 action related to Vermont's basic wage for tipped employees and subminimum
4 wage for secondary school students.

5 (f) Meetings.

6 (1) The Commissioner of Labor shall call the first meeting of the
7 Committee to occur on or before September 15, 2019.

8 (2) The Committee shall select a chair from among its members at the
9 first meeting.

10 (3) A majority of the membership shall constitute a quorum.

11 (4) The Committee shall cease to exist on January 30, 2020.

12 (g) Compensation and reimbursement.

13 (1) For attendance at meetings during adjournment of the General
14 Assembly, a legislative member of the Committee serving in his or her
15 capacity as a legislator shall be entitled to per diem compensation and
16 reimbursement of expenses pursuant to 2 V.S.A. § 406 for not more than
17 six meetings. These payments shall be made from monies appropriated to the
18 General Assembly.

19 (2) Members of the Committee who are not employees of the State of
20 Vermont and who are not otherwise compensated or reimbursed for their
21 attendance shall be entitled to per diem compensation and reimbursement

1 of expenses as permitted under 32 V.S.A. § 1010 for not more than
2 six meetings. These payments shall be made from monies appropriated to the
3 General Assembly.

4 Sec. 9. MINIMUM WAGE FOR AGRICULTURAL WORKERS;
5 WORKING GROUP; REPORT

6 (a) Creation. There is created the Agricultural Minimum Wage Working
7 Group to examine the wage and hour laws for agricultural workers.

8 (b) Membership. The Working Group shall be composed of the following
9 members:

10 (1) one member of the House appointed by the Speaker of the House;

11 (2) one member of the Senate appointed by the Committee on

12 Committees;

13 (3) The Secretary of Agriculture or designee; and

14 (4) The Commissioner of Labor or designee.

15 (c) Powers and duties. The Working Group shall study the wage and hour
16 laws for agricultural workers, including the following issues:

17 (1) the overlapping legal requirements of the federal Fair Labor
18 Standards Act and Vermont's wage and hour laws with respect to agricultural
19 employees and employers;

20 (2) particular issues and challenges related to federal and State wage and
21 hour laws that Vermont's agricultural employees and employers face; and

1 (3) how other states have addressed similar issues and challenges in
2 their wage and hour laws.

3 (d) Assistance. The Working Group shall have the administrative,
4 technical, and legal assistance of the Office of Legislative Council.

5 (e) Report. On or before December 15, 2019, the Working Group shall
6 submit a written report to the House Committees on Agriculture and on
7 General, Housing, and Military Affairs and the Senate Committees on
8 Agriculture and on Economic Development, Housing and General Affairs with
9 its findings and any recommendations for legislative action.

10 (f) Meetings.

11 (1) The member from the House shall call the first meeting of the
12 Working Group to occur on or before September 15, 2019.

13 (2) The Committee shall select a chair from among its members at the
14 first meeting.

15 (3) A majority of the membership shall constitute a quorum.

16 (4) The Working Group shall cease to exist on January 30, 2020.

17 (g) Compensation and reimbursement. For attendance at meetings during
18 adjournment of the General Assembly, a legislative member of the Working
19 Group serving in his or her capacity as a legislator shall be entitled to per diem
20 compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for

1 not more than four meetings. These payments shall be made from monies
2 appropriated to the General Assembly.

3 Sec. 10. LEGISLATIVE COUNCIL; DRAFT LEGISLATION

4 On or before January 15, 2020, the Office of Legislative Council shall
5 prepare and submit a draft bill to the House Committee on General Housing,
6 and Military Affairs and the Senate Committee on Economic Development,
7 Housing and General Affairs that makes statutory amendments of a technical
8 nature to modernize the statutory language of 21 V.S.A. chapter 5,
9 subchapter 3. The draft bill shall also identify provisions of 21 V.S.A.
10 chapter 5, subchapter 3 that may require amendment in order to eliminate out-
11 of-date and obsolete provisions. The Office of Legislative Council shall
12 consult with the Commissioner of Labor to identify language requiring
13 modernization and provisions that are out-of-date or obsolete.

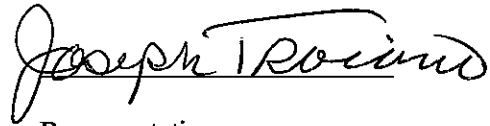
14 Sec. 11. EFFECTIVE DATES

15 (a) In Sec. 2, 21 V.S.A. § 383, the amendments to subdivisions (2)(G)
16 and (I) shall take effect on January 1, 2020. The remaining provisions of
17 Sec. 2 shall take effect on July 1, 2019.

18 (b) The remaining sections of this act shall take effect on July 1, 2019.

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(Committee vote: 7-3-1)



Representative _____

FOR THE COMMITTEE