

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 than~~  
16 \$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; SLIDING  
18               SCALE

19           To the extent funds are appropriated, the Commissioner for Children and  
20 Families shall amend the Department for Children and Families’ Child Care  
21 Financial Assistance Program’s sliding fee scale in order to:

1           (1) adjust the sliding scale of the Child Care Financial Assistance  
2           Program benefit to correspond with each minimum wage increase required  
3           pursuant to this act to ensure that the benefit percentage at each new minimum  
4           wage level would not be lower than the percentage applied under the former  
5           minimum wage; and

6           (2) adjust the Child Care Financial Assistance Program rate paid to  
7           providers on behalf of families in a manner that offsets the estimated increased  
8           cost of child care in Vermont resulting from the increase in the minimum wage  
9           required pursuant to this act.

10           **Sec. 4. INCREASES FOR EMPLOYEES OF CERTAIN MEDICAID-**  
11           **PARTICIPATING PROVIDERS; APPROPRIATION**

12           (a) In order to increase Medicaid reimbursement rates to home health  
13           agencies, nursing homes, residential care homes, assisted living residences, and  
14           adult day agencies by \$6,000,000.00 in fiscal year 2020 to facilitate the  
15           payment of wages to their employees that are equal to or greater than the  
16           minimum wage set forth in 21 V.S.A. § 384:

17           (1) \$1,590,000.00 is appropriated in fiscal year 2020 from the General  
18           Fund to the Department of Vermont Health Access;

19           (2) \$3,240,000.00 is appropriated in fiscal year 2020 to the Department  
20           of Vermont Health Access from federal funds; and

1           (3) the Secretary of Human Services shall redirect \$1,170,000.00 to the  
2           Department of Vermont Health Access in fiscal year 2020 from savings  
3           experienced by programs within the Agency of Human Services as a result of  
4           the increase in the minimum wage on January 1, 2020.

5           (b) On or before November 15, 2019, the Department of Vermont Health  
6           Access shall submit a written report to the Joint Fiscal Committee regarding  
7           the adequacy of the funds appropriated pursuant to subsection (a) of this  
8           section, any additional appropriation that may be necessary to satisfy the  
9           requirements of 33 V.S.A. § 7601 during fiscal year 2020, and the projected  
10          cost of complying with the requirements of 33 V.S.A. § 7601 during fiscal  
11          year 2021.

12          Sec. 5. 33 V.S.A. chapter 76 is amended to read:

13           CHAPTER 76. CHOICES FOR CARE LONG-TERM CARE AND HOME-  
14                                   AND COMMUNITY-BASED SERVICES

15                                   Subchapter 1. Choices for Care Program

16           § 7601. DEFINITIONS

17           As used in this ~~chapter~~ subchapter:

18                                   \* \* \*

1 Subchapter 2. Service Providers

2 § 7611. WAGES FOR SERVICE PROVIDERS

3 (a)(1) For each State fiscal year, the Department of Vermont Health Access  
4 shall adjust Medicaid reimbursement rates for home health agencies, nursing  
5 homes, residential care homes, assisted living residences, and adult day  
6 agencies in order to increase the wages of the employees described in  
7 subdivision (2) of this subsection by the same rate of growth as the annual  
8 percentage increase in the minimum wage under 21 V.S.A. § 384.

9 (2) The wage increase described in subdivision (1) of this subsection  
10 shall apply to employees of home health agencies, nursing homes, residential  
11 care homes, assisted living residences, and adult day agencies who work in  
12 occupations with a statewide average starting wage that is within \$1.00 of the  
13 minimum wage established pursuant to 21 V.S.A. § 384 in effect on January 1  
14 of the applicable State fiscal year.

15 (b) The Department shall collaborate with providers using cost reports,  
16 audited financial reports, and other documentation as needed to identify the  
17 portion of the reimbursement rates requiring adjustment pursuant to subsection  
18 (a) of this section in order to increase both employee wages and wage-related  
19 costs, including benefits, payroll taxes, provider taxes, and workers'  
20 compensation insurance, by the annual rate of growth in the minimum wage set  
21 forth in 21 V.S.A. § 384.

1 **Sec. 6.** 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. 7.** 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.

20 (b) Membership. The Committee shall be composed of the following  
21 members:



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

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

3 Committees;

4 (3) the Commissioner of Labor or designee;

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

6 (5) one member representing employers in the food service or

7 hospitality industry, appointed by the Speaker of the House; and

8 (6) one member representing tipped workers in the food service or

9 hospitality industry, appointed by the Committee on Committees.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 General Affairs with its findings and any recommendations, if any, for  
2 legislative action related to Vermont's basic wage for tipped employees and  
3 subminimum wage for secondary school students.

4 (f) Meetings.

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

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

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

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

11 (g) Compensation and reimbursement.

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

18 (2) Members of the Committee who are not employees of the State of  
19 Vermont and who are not otherwise compensated or reimbursed for their  
20 attendance shall be entitled to per diem compensation and reimbursement  
21 of expenses as permitted under 32 V.S.A. § 1010 for not more than

1 six meetings. These payments shall be made from monies appropriated to the  
2 General Assembly.

3 **Sec. 8. MINIMUM WAGE FOR AGRICULTURAL WORKERS;**

4 **WORKING GROUP; REPORT**

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

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

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

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

11 Committees:

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

13 (4) The Commissioner of Labor or designee.

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

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

19 (2) particular issues and challenges related to federal and State wage and  
20 hour laws that Vermont's agricultural 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. 9.** EFFECTIVE DATES

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

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

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11 (Committee vote: \_\_\_\_\_)

12

\_\_\_\_\_

13

Representative \_\_\_\_\_

14

FOR THE COMMITTEE