

1 TO THE HONORABLE SENATE:

2 The Committee on Economic Development, Housing and General Affairs to
3 which was referred Senate Bill No. 23 entitled “An act relating to increasing
4 the minimum wage” respectfully reports that it has considered the same and
5 recommends that the bill be amended by striking out all after the enacting
6 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 nearest
7 \$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 service or tipped employees as defined pursuant to subsection (a) of
8 this section.

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

10 § 383. DEFINITIONS

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

14 (1) “Commissioner;” means the Commissioner of Labor or designee.

15 (2) “Employee;” means any individual employed or permitted to work
16 by an employer except:

17 * * *

18 (G) ~~taxi cab~~ taxicab drivers; and

19 (H) outside salespersons; and.

20 (I) ~~students working during all or any part of the school year or~~
21 ~~regular vacation periods.~~ [Repealed.]

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

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

8 **Sec. 3. CHILD CARE FINANCIAL ASSISTANCE PROGRAM; SLIDING**
9 **SCALE**

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

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

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

1 **Sec. 4. 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. 5. TIPPED MINIMUM WAGE STUDY COMMITTEE; STUDY;**
15 **REPORT**

16 (a) Creation. There is created the tipped minimum wage study
17 committee to examine the effects of increasing or eliminating the basic wage
18 rate for tipped employees in Vermont.

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

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

1 (2) one member appointed by the Committee on Committees;

2 (3) the Commissioner of Labor or designee; and

3 (4) the Commissioner of Taxes or designee.

4 (c) Powers and duties. The Committee shall study the effects of
5 increasing or eliminating the basic wage rate for tipped employees, including
6 the following issues:

7 (1) the impact on jobs, prices, tax revenues, and the economy generally
8 in states that have eliminated their subminimum wage for tipped employees;

9 (2) the impact on jobs, prices, tax revenues, and the economy
10 generally in states that have increased their subminimum wage for tipped
11 employees during the last ten years;

12 (3) the projected impact on jobs, prices, tax revenues, and the
13 economy in Vermont if it were to increase or eliminate the basic wage rate
14 for tipped employees.

15 (d) Assistance. The Committee shall have the administrative, technical,
16 and legal assistance of the Department of Labor.

17 (e) Report. On or before January 15, 2020, the Committee shall submit a
18 written report to the House Committee on General, Housing, and Military
19 Affairs and the Senate Committee on Economic Development, Housing and
20 General Affairs with its findings and any recommendations, if any, for

1 legislative action to increase or eliminate Vermont's basic wage for tipped
2 employees.

3 (f) Meetings.

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

6 (2) The Commissioner of Labor shall be the chair.

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

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

9 (g) Compensation and reimbursement. Members of the Committee who
10 are not employees of the State of Vermont shall be entitled to per diem
11 compensation and reimbursement of expenses as permitted under 32 V.S.A. §
12 1010 for not more than 6 meetings. These payments shall be made from
13 monies appropriated to the Department of Labor.

14 Sec. 5. EFFECTIVE DATES

15 (a) In Sec. 1, 21 V.S.A. § 384, subdivision (a)(2) shall take effect on
16 January 1, 2020. The remaining provisions of Sec. 1 shall take effect on
17 July 1, 2019.

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

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

1
2
3
4
5
6
7
8
9
10

(Committee vote: _____)

Senator _____

FOR THE COMMITTEE

