

Model Legislation: Fair Minimum Wage Act

Summary: The Fair Minimum Wage Act raises the state's minimum wage to \$8.55 and provides an automatic cost-of-living increase each year.

SECTION 1. SHORT TITLE

This Act shall be called the "Fair Minimum Wage Act."

SECTION 2. FINDINGS AND PURPOSE

(A) FINDINGS—

The legislature finds that:

1. The current minimum wage is insufficient to keep families out of poverty.
2. Due to inflation and federal inaction, the value of the federal minimum wage has plummeted.
3. State services are strained by families of minimum-wage workers who qualify for public programs like Medicaid and SCHIP.

(B) PURPOSE—

This law is enacted to increase the wages of low-income workers, promote the economic strength of the state, and take pressure off state social service programs.

SECTION 3. FAIR MINIMUM WAGE

After section XXX, the following new section XXX shall be inserted:

1. No employer shall pay less than the [State] minimum wage designated in this section to each employee in every occupation.
2. The minimum wage for employees shall be \$8.55 per hour, beginning on January 1, XXXX.
3. On September 30, 2009, and on September 30 of each following year, the Secretary [of Labor] shall calculate an adjusted minimum wage rate in direct proportion to an increase or decrease in the U.S. Department of Labor's Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), or a successor index, for the prior period of July 1 to June 30. That adjusted minimum wage shall take effect on the following January 1.
4. [OPTIONAL: For occupations in which gratuities are customarily recognized as part of the remuneration for employment, employers are entitled to an allowance for gratuities in an amount not to exceed 40 percent of the minimum wage rate. The Secretary [of Labor] shall require each employer that desires an allowance for gratuities to provide substantial evidence that the amount claimed was actually received by the employee in the period for which the claim of exemption is made, and no part thereof was returned to the employer.]

SECTION 4. EFFECTIVE DATE

This Act shall take effect on January 1, 2009.