



# House of Representatives

## File No. 543

General Assembly

February Session, 2002

**(Reprint of File No. 463)**

Substitute House Bill No. 5057  
As Amended by House  
Amendment Schedule "A"

Approved by the Legislative Commissioner  
April 19, 2002

### **AN ACT INCREASING THE MINIMUM WAGE.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (j) of section 31-58 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2002*):

4 (j) "Minimum fair wage" in any industry or occupation in this state  
5 means a wage of not less than [two dollars and sixty-six cents per  
6 hour, and effective January 1, 1979, not less than two dollars and  
7 ninety-one cents per hour, and effective January 1, 1980, not less than  
8 three dollars and twelve cents per hour, and effective January 1, 1981,  
9 not less than three dollars and thirty-seven cents per hour, and  
10 effective October 1, 1987, not less than three dollars and seventy-five  
11 cents per hour, and effective October 1, 1988, not less than four dollars  
12 and twenty-five cents per hour, and effective January 1, 1999, not less  
13 than five dollars and sixty-five cents per hour, and effective January 1,  
14 2000, not less than six dollars and fifteen cents per hour, and effective  
15 January 1, 2001, not less than six dollars and forty cents per hour, and

16 effective January 1, 2002,] six dollars and seventy cents per hour, and  
17 effective January 1, 2003, not less than six dollars and ninety cents per  
18 hour, and effective January 1, 2004, not less than seven dollars and ten  
19 cents per hour, or one-half of one per cent rounded to the nearest  
20 whole cent more than the highest federal minimum wage, whichever is  
21 greater, except as may otherwise be established in accordance with the  
22 provisions of this part. All wage orders in effect on October 1, 1971,  
23 wherein a lower minimum fair wage has been established, are  
24 amended to provide for the payment of the minimum fair wage herein  
25 established except as hereinafter provided. Whenever the highest  
26 federal minimum wage is increased, the minimum fair wage  
27 established under this part shall be increased to the amount of said  
28 federal minimum wage plus one-half of one per cent more than said  
29 federal rate, rounded to the nearest whole cent, effective on the same  
30 date as the increase in the highest federal minimum wage, and shall  
31 apply to all wage orders and administrative regulations then in force.  
32 The rates for learners, beginners, and persons under the age of  
33 eighteen years shall be not less than eighty-five per cent of the  
34 minimum fair wage for the first two hundred hours of such  
35 employment and equal to the minimum fair wage thereafter, except  
36 institutional training programs specifically exempted by the  
37 commissioner.

38 Sec. 2. Subsection (b) of section 31-60 of the general statutes, as  
39 amended by section 2 of public act 01-42, is repealed and the following  
40 is substituted in lieu thereof (*Effective July 1, 2002*):

41 (b) The Labor Commissioner shall adopt such regulations, in  
42 accordance with the provisions of chapter 54, as may be appropriate to  
43 carry out the purposes of this part. Such regulations may include, but  
44 are not limited to, regulations defining and governing an executive,  
45 administrative or professional employee and outside salesperson;  
46 learners and apprentices, their number, proportion and length of  
47 service; piece rates in relation to time rates; and shall recognize, as part  
48 of the minimum fair wage, gratuities in an amount equal to  
49 twenty-three per cent of the minimum fair wage per hour for persons

50 employed in the hotel and restaurant industry, including a hotel  
51 restaurant, and not to exceed thirty-five cents per hour in any other  
52 industry, and shall also recognize deductions and allowances for the  
53 value of board, in the amount of eighty-five cents for a full meal and  
54 forty-five cents for a light meal, lodging, apparel or other items or  
55 services supplied by the employer; and other special conditions or  
56 circumstances which may be usual in a particular employer-employee  
57 relationship. [Notwithstanding the provisions of this subsection: (1)  
58 For the period commencing January 1, 2001, and ending December 31,  
59 2001, such regulations shall recognize, as part of the minimum fair  
60 wage, gratuities in an amount equal to (A) twenty-six per cent of the  
61 minimum fair wage per hour for persons employed in the hotel and  
62 restaurant industry, including a hotel restaurant, and (B) three and  
63 nine-tenths per cent of the minimum fair wage per hour for persons  
64 employed as bartenders who customarily and regularly receive  
65 gratuities; and (2)] Notwithstanding the provisions of this subsection,  
66 for the period commencing January 1, 2002, and ending [December 31,  
67 2002] December 31, 2004, such regulations shall recognize, as part of  
68 the minimum fair wage, gratuities in an amount equal to [(A)] (1)  
69 twenty-nine and three-tenths per cent of the minimum fair wage per  
70 hour for persons employed in the hotel and restaurant industry,  
71 including a hotel restaurant, who customarily and regularly receive  
72 gratuities, and [(B)] (2) eight and two-tenths per cent of the minimum  
73 fair wage per hour for persons employed as bartenders who  
74 customarily and regularly receive gratuities. The commissioner may  
75 provide, in such regulations, modifications of the minimum fair wage  
76 herein established for learners and apprentices; persons under the age  
77 of eighteen years; and for such special cases or classes of cases as the  
78 commissioner finds appropriate to prevent curtailment of employment  
79 opportunities, avoid undue hardship and safeguard the minimum fair  
80 wage herein established. Regulations in effect on July 1, 1973,  
81 providing for a board deduction and allowance in an amount differing  
82 from that provided in this section shall be construed to be amended  
83 consistent with this section without the necessity of convening a wage  
84 board or amending said regulations.

This act shall take effect as follows:	
Section 1	<i>July 1, 2002</i>
Sec. 2	<i>July 1, 2002</i>

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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### **OFA Fiscal Note**

#### **State Impact:**

<b>Fund-Type</b>	<b>Agency Affected</b>	<b>FY 03 \$</b>	<b>FY 04 \$</b>
GF - Cost	Labor Dept.; Various	Minimal	Minimal

Note: GF=General Fund

#### **Municipal Impact:**

<b>Effect</b>	<b>Municipalities</b>	<b>FY 03 \$</b>	<b>FY 04 \$</b>
Cost	All Municipalities	Minimal	Minimal

### **Explanation**

This bill results in minimal costs to the state and municipalities beginning in FY 03. It increases the state's minimum wage from \$6.70 to \$6.90 an hour effective January 1, 2003, and to \$7.10 an hour effective January 1, 2004, (or 0.5% above the federal minimum wage, whichever is higher). The current statutes set the state minimum wage at \$6.70 per hour, or 0.5% above the federal minimum wage, whichever is higher, which took effect on January 1, 2002.

This increase in the state minimum wage will not have a direct impact on the salaries of most State and municipal employees. Virtually the only state and local workers paid wages at or below the minimum wage are summer workers, student and senior workers, and a few other part-time laborers. These costs are not anticipated to be significant, but could have an impact on a limited number of State and municipal programs (such as recreational programs) that largely utilize these types of positions. Increasing the minimum wage could result in an increase in wages to some additional public employees in lower paid positions due to the effect of "salary compression" on the wage scales. The impact is anticipated to be minimal.

An increase in the state minimum wage would also result in higher labor costs for some private sector employers, especially those in service industries. Since the State and municipalities obtain many services from the private sector, this could result in additional costs. The increase in costs cannot be determined at this time but it is not anticipated to be significant.

The Department of Labor will be able to handle the workload of adjusting the minimum wage rates within budgetary resources.

House Amendment "A" makes a clarification of who is eligible for the tip credit, which effects bartenders, hotel and restaurant workers and has no fiscal impact on the state or municipalities.

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**OLR Bill Analysis**

sHB 5057 (as amended by House "A")\*

**AN ACT INCREASING THE MINIMUM WAGE****SUMMARY:**

This bill increases the minimum wage from \$6.70 to \$6.90 on January 1, 2003 and to \$7.10 on January 1, 2004. In both cases, if 100.5% of the highest federal minimum wage is higher than these amounts, the federal wage becomes the minimum wage.

The bill extends, from December 31, 2002 to December 31, 2004, the sunset date of a provision, commonly called a tip credit, that gives employers an offset against the minimum wage for certain employees. By law, the credit is 29.3% of the minimum wage for people employed in the hotel and restaurant industry and 8.2% of the minimum wage for bartenders, in both cases for people who regularly receive tips. As a result of the increase and the tip credit under the bill, the minimum wage for hotel and restaurant employees will be \$4.88 and \$5.02 in 2003 and 2004, respectively. For bartenders, the minimum will be \$6.33 in 2003 and \$6.52 in 2004.

EFFECTIVE DATE: July 1, 2002

\*House Amendment "A" specifies that the tip credit applies, only to hotel and restaurant employees, who regularly receive tips.

**BACKGROUND*****Tip Credit***

PA 00-145 explicitly applied the tip credit to two classes of employees who "customarily and regularly receive gratuities": hotel and restaurant employees and bartenders. Department of Labor regulations based on that act apply the credit to employees in both classes. These regulations also specify the criteria, including recordkeeping and reporting, an employer must meet in order to pay his employees the lower wage.

In revising CGS § 31-60(b), PA 01-42 removed the phrase “customarily and regularly receive gratuities” as a modifier of hotel and restaurant employees but retained it for bartenders appearing to limit the phrase’s applicability to bartenders although the regulations continue to apply the phrase to both employee classes (Conn. Agencies Regs. § 31-62-E).

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute Change of Reference

Yea 10    Nay 4

Planning and Development Committee

Joint Favorable Change of Reference

Yea 10    Nay 7

Appropriations Committee

Joint Favorable Substitute

Yea 32    Nay 18