



# Senate

General Assembly

**File No. 223**

February Session, 2004

Substitute Senate Bill No. 332

*Senate, March 24, 2004*

The Committee on Labor and Public Employees reported through SEN. PRAGUE of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## **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2 repealed and the following is substituted in lieu thereof (*Effective*  
3 *October 1, 2004*):

4 (j) "Minimum fair wage" in any industry or occupation in this state  
5 means a wage of not less than six dollars and seventy cents per hour,  
6 and effective January 1, 2003, not less than six dollars and ninety cents  
7 per hour, and effective January 1, 2004, not less than seven dollars and  
8 ten cents per hour, and effective January 1, 2006, and annually  
9 thereafter, not less than the minimum fair wage then in effect plus an  
10 additional percentage equal to the percentage increase, if any, in the  
11 National Consumer Price Index for Urban Wage Earners and Clerical  
12 Workers, or a successor index, for the previous twelve-month period  
13 rounded to the nearest whole cent, or one-half of one per cent rounded

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

This act shall take effect as follows:	
Section 1	<i>October 1, 2004</i>

**LAB**      *Joint Favorable Subst.*

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:**

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Various State Agencies	Cost	Minimal	Minimal

#### **Municipal Impact:**

Municipalities	Effect	FY 05 \$	FY 06 \$
All Municipalities	Cost	Minimal	Minimal

#### **Explanation**

This bill increases the state's minimum hourly wage, effective January 1, 2006 and annually thereafter, by the percentage increase in the National Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the previous 12 months.

The average annual (December to December time period) CPI-W increase for the last 5 years was 2.28%. The 2003 CPI-W increase was 1.6%. The 1.6% CPI-W increase would raise the state's hourly minimum wage 11 cents to \$7.21.

This bill results in minimal costs to the state and municipalities. An increase in the state minimum wage will not have a direct impact on the salaries of most state and municipal employees as it is likely that the only state and municipal 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.

An increase in the state minimum wage would also result in higher

labor costs for some private sector employees, especially those in service industries. Since the state and municipalities obtain certain services from the private sector, this could result in additional costs. This increase in costs cannot be determined at this time, but is not anticipated to be significant.

**OLR Bill Analysis**

sSB 332

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

This bill increases the state's minimum hourly wage, effective January 1, 2006 and annually thereafter, by the percentage increase in the National Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the previous 12 months. Under current law, the minimum hourly wage is \$7.10 and is not scheduled to increase.

The bill establishes an automatic device that increases the minimum wage without any action by the legislature. In the past, the legislature set the increases.

Under the bill a 1% increase in the CPI-W would mean a 7-cent increase in the minimum wage; a 2% increase would mean a 14-cent increase. The average annual increase for the last four years was 2.5%. The 2003 annual increase was 2.2%.

The bill requires the increase to be rounded to the nearest whole cent and specifies the CPI-W or a successor index will be used.

EFFECTIVE DATE: October 1, 2004

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 9      Nay 5