
OLR Bill Analysis

HB 5004

AN ACT INCREASING THE MINIMUM FAIR WAGE.

SUMMARY

This bill increases the state's minimum hourly wage from its current \$10.10 to (1) \$12.00 on January 1, 2020; (2) \$13.50 on January 1, 2021; and (3) \$15.00 on January 1, 2022.

Beginning in 2024, the bill indexes future minimum wage increases to annual increases in the consumer price index (CPI). Starting on July 1, 2023, it requires the labor commissioner to announce, by July 15 each year, an adjustment to the minimum wage equal to the previous year's percentage increase in the CPI for urban wage earners and clerical workers in the northeast urban area of New York-Northern New Jersey-Long Island, NY-NJ-CT-PA, with no seasonal adjustment, as determined by the U.S. Department of Labor's Bureau of Labor Statistics. The new minimum wage, rounded to the nearest five cents, becomes effective on the following January 1. Thus, the first CPI-indexed increase to the minimum wage would become effective at the start of the 2024 calendar year.

The bill also increases the employer's share of minimum wages for hotel and restaurant wait staff and bartenders each year because it does not change the "tip credit" allowed by law.

Lastly, the bill eliminates employers' ability to pay learners, beginners, and people under age 18 a "training wage," as low as 85% of the regular minimum wage, for their first 200 hours of employment (see BACKGROUND).

EFFECTIVE DATE: October 1, 2019

TIP CREDIT

The law provides a "tip credit" to employers of hotel and restaurant

staff and bartenders who customarily receive tips (CGS § 31-60). The credit allows employers to count these employees' tips as a percentage of their minimum wage requirement, thus reducing the employer's share of the minimum wage, as long as the tips make up the difference. Because the bill does not change the tip credit percentage, its minimum wage increases will raise the amount that employers must pay towards their tipped employees' minimum wage requirements as shown in Tables 1 and 2.

Table 1: Hotel and Restaurant Employees' Tip Credit

Year	Minimum Wage	Tip Credit (36.8% of minimum wage)	Employer's Share (difference between minimum wage and tip credit)
2019 (current law)	\$10.10	\$3.72	\$6.38
2020	\$12.00	\$4.42	\$7.58
2021	\$13.50	\$4.97	\$8.53
2022	\$15.00	\$5.52	\$9.48

Table 2: Bartenders' Tip Credit

Year	Minimum Wage	Tip Credit (18.5% of minimum wage)	Employer's Share (difference between minimum wage and tip credit)
2019 (current law)	\$10.10	\$1.87	\$8.23
2020	\$12.00	\$2.22	\$9.78
2021	\$13.50	\$2.50	\$11.00
2022	\$15.00	\$2.78	\$12.22

BACKGROUND

Training Wage

Current law generally allows employers to pay learners, beginners, and people under age 18 a "training wage," as low as 85% of the regular minimum wage, for their first 200 hours of employment.

Under state regulations:

1. "learners" are employees enrolled in an established vocational training program that is not "apprenticeable," but for which

training may extend over a considerable length of time (Conn. Agencies Regs. § 31-60-7);

2. “beginners” are new employees in the mercantile industry (i.e., wholesale or retail stores), regardless of their age, whose 200 hour limit is based on their cumulative work experience in the mercantile industry (Conn. Agencies Regs. §§ 31-62-D2 & 31-62-D6); and
3. “Minors” are employees age 16 or 17, whose 200 hour limit is based on their total aggregate work experience, which can include one or several employers (Conn. Agencies Regs. § 31-60-6).

Related Bills

SB 2, reported favorably by the Labor and Public Employees Committee, is identical to this bill.

HB 7191, reported favorably by the Labor and Public Employees Committee, (1) increases the minimum wage to \$15.00 over four years, (2) indexes future minimum wage changes to the employment cost index, and (3) allows employers to pay a training wage as low as 75% of the minimum wage for 90 calendar days.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable

Yea 9 Nay 5 (03/14/2019)