

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 129 – SB 1095

March 22, 2017

SUMMARY OF BILL: Increases minimum wage paid to tipped employees from \$2.13 to \$2.50 per hour; and authorizes an employer to take a tip credit toward its minimum wage obligations up to the amount permitted by federal law.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- The Department of Human Resources reports the provisions of the legislation do not include public employees; as a result, there will be no fiscal impact to state or local government salaries.
- Based on a 2011 article in the Employee Rights and Employment Policy Journal entitled “Enforcement of State Minimum Wage and Overtime Laws: Resources, Procedures, And Outcomes,” the states of Georgia and Texas use the private right of action to enforce their state minimum wage laws.
- The provisions of the legislation do not specifically require the Department of Labor and Workforce Development (DLWD) to enforce or investigate minimum wage violations.
- For purposes of the fiscal note, it is assumed that a private right of action will be the enforcement mechanism for proposed legislation.

IMPACT TO COMMERCE:

Other Commerce Impact – Potential increased wage expenditures and potential reductions in work force or work hours for employees of private businesses. The extent of any such changes cannot be determined for such impacts are dependent upon multiple unknown factors.

Assumption:

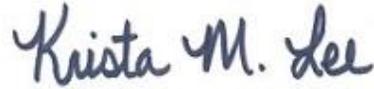
- This legislation could increase wage expenditures for private businesses. Any such impact is dependent upon several unknown factors, including but not limited to, the number of private businesses that currently pay employees less than minimum wage as

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defined by the legislation, the extent to which any such employer is paying less than the proposed minimum wage, the extent to which any such business will increase wages for employees earning less than the proposed minimum wage, to what extent employers choose to reduce employee hours, and whether employers choose to reduce the size of their workforce. Due to the extent of unknown factors, a precise impact to commerce cannot be determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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