

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: February 20, 1996

SUBJECT: **SB 2826 - HB 3123**

This bill, if enacted, will establish the *Tennessee Minimum Wage Law* and require that:

1. each employer pay each employee wages at a rate of not less than \$6.50 per hour and pay overtime at 1 1/2 times the regular rate at which the employee is employed for hours over 40 hours per week and shall not include tips or gratuities of any kind;
2. each employer shall furnish to each employee at every pay period a legible printed, typed or handwritten notice with hours worked, rate of pay, specific deductions, date of payment and pay period covered;
3. any person knowingly or intentionally violating the minimum wage requirements shall be guilty of a misdemeanor and upon conviction shall be punished by a fine not less than \$100 nor more \$500 or by imprisonment for not more than 30 days;
4. any employer in violation shall be liable to the employee(s) affected for three times the amount of the unpaid minimum wages, plus interest at 6% per annum.

The fiscal impact from enactment of this bill is estimated to be an increase in recurring state expenditures of approximately \$99,600 to the Department of Labor for four inspectors and related expenses to enforce the provisions of this bill and a one-time increase in state expenditures of \$25,000 for computers.

Enactment of this bill is also estimated to result in an increase in recurring state and local government* expenditures to increase the wages

of employees who are paid less than \$6.50 per hour and to pay over time to all employees. The amount of such increase cannot be determined but is estimated to exceed \$20,000,000 to the state and \$10,000,000 to local governments.

Further, the fiscal impact from enactment of this bill to local governments will depend on the number of persons convicted of this offense and the resultant cost to local governments to confine such persons versus the increased revenues to local governments from fines levied and collected under the provisions of this bill. A reasonable estimate of the impact on local governments cannot be determined but is estimated to be not significant.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*