



**State Fiscal Note for Bill
Number: 2014-H-7056**

Date of State Budget Office Approval:

Date Requested: Monday, March 10, 2014

Date Due: Thursday, March 20, 2014

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2014	\$0	FY 2014	\$0
FY 2015	>\$184,960	FY 2015	\$0
FY 2016	>\$369,920	FY 2016	\$0

Explanation by State Budget Office: This bill amends Chapter 28-12 of the General Laws, entitled the "Minimum Wages", to increase the minimum wage from eight dollars (\$8.00) per hour to nine dollars (\$9.00) per hour as of January 1, 2015.

Comments on Sources of Funds: Seasonal employees are primarily financed with general revenue.

Summary of Facts and Assumptions: Seasonal employees of the state would be primarily impacted by this change in the minimum wage. The agency with the largest seasonal workforce is the Department of Environmental Management. According to the Department, approximately 578 seasonal workers would be impacted by this increase in the minimum wage. These workers are employed annually and work an average of 40 hours per week for a 16 week period (primarily during the summer months). Thus, at a minimum, DEM would see an increase in annual costs of approximately \$369,920 (578 employees x 40 hours x 16 weeks). There are potentially other seasonal or part time employees in other state agencies that would be impacted by this increase and thus this should be seen as the minimum impact to the state.

With an increase in wages, both in the public and private sector, an increase in taxable wages would be expected. However, there is evidence in economic literature that increases in the minimum wage actually reduce employment, which would in turn reduce any revenue impacts of increasing the wage. As such, no impact to state revenues are assumed for purposes of this fiscal note.

Summary of Fiscal Impact:
 FY 2014: No impact given the implementation of the minimum wage increase on January 1, 2015.
 FY 2015: A minimum impact of \$184,960 in state expenditures can be anticipated from an increase in the minimum wage as of January 1, 2015.
 FY 2016: A minimum impact of \$369,920 in state expenditures can be anticipated from an increase in the minimum wage for all of FY 2016.

Budget Office Signature:

Fiscal Advisor Signature:

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Thursday, April 17, 2014

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