

## 1 HOUSE BILL NO. 39

2 INTRODUCED BY HARRINGTON

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A 25 CENT INCREASE IN THE MINIMUM WAGE FOR  
5 EACH YEAR OF THE BIENNIUM; PROVIDING AN EMPLOYER THE OPTION TO APPLY THE INCREASE  
6 TOWARD A BONA FIDE EMPLOYEE HEALTH CARE PLAN; AMENDING SECTION 39-3-409, MCA; AND  
7 PROVIDING AN EFFECTIVE DATE."

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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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11 **Section 1.** Section 39-3-409, MCA, is amended to read:

12 **"39-3-409. Adoption of minimum wage rates -- exception -- option to provide health care benefits.**

13 (1) ~~The Except as provided in subsections (2) and (3), the commissioner shall adopt rules to establish a~~  
14 ~~minimum wage that, except as provided in subsection (2), must be the same minimum hourly wage rate~~  
15 ~~as provided under the federal Fair Labor Standards Act (29 U.S.C. 206(a)(1)),~~ excluding the value of tips  
16 received by the employee and the special provisions for a training wage, of:

17 (a) \$4.50 an hour beginning July 1, 1995; and

18 (b) \$4.75 an hour beginning July 1, 1996.

19 (2) The minimum wage rate for a business whose annual gross sales are \$110,000 or less is ~~\$4;~~

20 (a) \$4.25 an hour beginning July 1, 1995; and

21 (b) \$4.50 an hour beginning July 1, 1996.

22 (3) In lieu of the increase in minimum wage provided by this section, an employer may apply an  
23 amount equivalent to the increase toward an existing or new bona fide employee health care plan."

24  
25 **NEW SECTION. Section 2. Effective date.** [This act] is effective July 1, 1995.

26 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0039, as introduced

DESCRIPTION OF PROPOSED LEGISLATION: A bill to provide a 25 cent increase in the minimum wage for each year of the biennium; providing an employer the option to apply the increase toward a bona fide employee health care plan.

ASSUMPTIONS:

Department of Labor and Industry

1. No personal services costs or FTE are anticipated with this bill.
2. Costs associated with this bill are an increase to operating expenses to fund the production and distribution of educational materials and administrative rules. The existing Employment Relations Division program would absorb the additional costs of about \$500 per year.
3. The Department of Labor and Industry, Employment Relations Division, will begin performing tasks associated with this bill July 1, 1995.

Department of Revenue

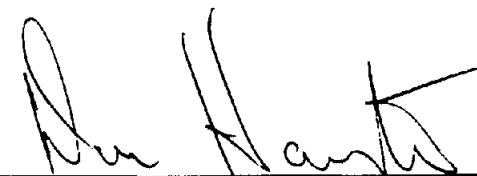
4. Employees receiving an increase in the minimum wage may pay more income tax, provided that they are in a positive taxable income situation after taking deductions and exemptions. This could result in a slight increase in individual income tax collections.
5. Corporations, sole proprietorships and partnerships paying either the increased wage or the increased health care benefit provided for in this bill are allowed to deduct the increase in full, resulting in a decrease in corporation license tax revenue and individual income tax revenue. Because corporations and business owners generally pay at a higher marginal tax rate than employees receiving the minimum wage, the net impact of this bill is to reduce individual income tax and corporation license tax revenue, but this impact will be minimal.
6. The old fund liability taxes will increase commensurate with the increase in wages paid under this proposal.

FISCAL IMPACT:

Cannot be reasonably estimated.

 1-4-95

DAVID LEWIS, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

  
DAN HARRINGTON, PRIMARY SPONSOR      DATE

Fiscal Note for HB0039, as introduced