

February 3, 2023

The Honorable Renee Erickson, Chairperson
Senate Committee on Commerce
300 SW 10th Avenue, Room 546-S
Topeka, Kansas 66612

Dear Senator Erickson:

SUBJECT: Fiscal Note for SB 70 by Senator Corson

In accordance with KSA 75-3715a, the following fiscal note concerning SB 70 is respectfully submitted to your committee.

SB 70 would provide an incremental increase for the current state minimum wage. The hourly minimum wage would be increased from \$7.25 to \$10.00 beginning January 1, 2024 through December 31, 2024; to \$12.00 from January 1, 2025 through December 31, 2025; to \$14.00 from January 1, 2026 through December 31, 2026; and finally, to \$16.00 on and after January 1, 2027. The bill would also increase the hourly minimum wage to use for calculations for employees receiving tips and gratuities from \$2.13 to \$3.25 beginning on and after January 1, 2024. The bill would state that the provisions would not apply to any employers and employees covered under the Federal Fair Labor Standards Act if the hourly wage rate in the bill was greater than the hourly wage rate prescribe by such federal law. The amendments contained in SB 70 would be known as the Making Work Pay Act.

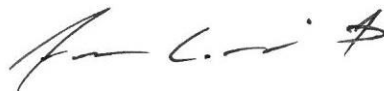
According to the Kansas Department of Labor, enactment of SB 70 could result in an increase in the number of wage claims, but the agency states that this can be absorbed within existing resources. There could also be an increase in unemployment compensation taxes which would impact the Unemployment Trust Fund, however, the agency could not estimate a fiscal effect. The Department of Revenue estimates an increase in State General Fund revenues totaling \$500,000 in FY 2024, \$2.1 million in FY 2025, and \$3.3 million in FY 2026. The agency also estimates administrative costs of \$1,200 related to passage of the bill.

The Kansas Department of Administration notes the bill would not have a fiscal effect on agency operations in FY 2023 or FY 2024. Legislative Services indicates enactment of SB 70 would have a negligible fiscal effect on the Legislature's budget as most session staff wage rates

are above the wages outlined in the bill through calendar year 2026. The Office of Judicial Administration states that the bill would not apply to the Judicial Branch. Any fiscal effect associated with SB 70 is not reflected in *The FY 2024 Governor's Budget Report*.

The Kansas Association of Counties and the Kansas League of Municipalities note that enactment of SB 70 would increase labor costs for local governments for employees that fall below the wages as outlined in the bill, but a total fiscal effect could not be estimated for counties or cities.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Dawn Palmberg, Department of Labor
Tamara Emery, Department of Administration
Vicki Jacobsen, Judiciary
Karen Clowers, Legislative Services
Wendi Stark, League of Kansas Municipalities
Jay Hall, Kansas Association of Counties
Lynn Robinson, Department of Revenue