

GENERAL SESSION

February 8, 2017

Program Topic: *Living Wage Increase, Small Employer Retirement Plans, Family Medical Leave*

Presented by: BUSINESS & LABOR COMMITTEE

Chaired by Brandy Farmer

Speakers:

Rep. Lynn Hemingway (D) District 40
Sen. Todd Weiler (R) District 24
Stephanie Pitcher, Attorney



HB147 Living Wage Amendments

Sen. Hemingway wants to end intergenerational poverty, and he sees increasing the minimum wage as being an important step forward.

This bill gradually raises the minimum wage in Utah to \$15 per hour by

2022. Although the fiscal note indicates a first-year cost to the state of \$11M in salaries, he pointed out that there is an enhanced fiscal note with a multi-year forecast. That shows positive gains once the higher salaries are cycled back into the state's economy. This is the fifth session in which he has sponsored a minimum wage bill, and each time he has tried a different hourly rate. Many adults, including working mothers, earn minimum wage, and they need this boost to bring them out of poverty. Employers would still have the option of paying workers less than 17 years old as little as the federally mandated \$7.25 per hour.

Tipped workers would have their minimum wage increased from \$2.81/hour to \$5/hour.

Many states have raised their minimum wage above the Federal requirement, and two more plus the District of Columbia are slated to do so in 2017. Seattle raised their minimum wage a few years ago and at first experienced a period of no growth in low wage jobs, but recently the growth rate returned to normal levels.

The Salt Lake Chamber opposes this bill. Highlights from an article written by their Chief Economist, Natalie Gochnour were read. She warns that increasing wages will result in fewer jobs. Instead, she recommends improving educational opportunities as a better way to alleviate poverty. The article also touts earned income credits as being a way of focusing economic benefits directly to those who need them most. The article says that businesses that employ low wage workers would use automation or the

“underground economy” when faced with minimum wage increases.

One WSLC member commented that higher wages should incentivize people to join the workforce. By 2023, the wages of as many as 500K workers in Utah would be affected. A WSLC member took exception to the Salt Lake Chamber's reference to “underground economy” as a being a socially divisive comment.



Sen. Weiler

SB109S01 Small Employer Retirement Program

Sen. Weiler has formerly chaired the senate retirement committee. In 2015 he passed a resolution addressing the problem that few people save for retirement. He then formed an informal work group with the state treasurer and about 30 business leaders to get their viewpoints as he crafted this bill.

The distribution of savings is bimodal in that people either have no savings or contribute regularly to a retirement fund. It is interesting to note that income alone does not determine whether or not a person will save for retirement. People with incomes in the \$40K-\$50K range are more likely to save than those in the \$60K-\$70K range. When employees have the option of payroll deductions, they are seven times more likely to have savings than if the option is not available. More than half of the private sector employees in the state do not have the the option.

Many small business employers are too busy to look over the available plans and choose one. This bill will establish a group of pre-approved plans with reasonable management fees that will be “easy” to review and compare. Lobbyists for insurance firms killed the bill last year, but there is also opposition from

employers who dislike having the state become involved in choosing plans. The bill offers a one-time \$500 tax credit to any employer who establishes a retirement savings plan from any plan whether or not it is on the approved list.

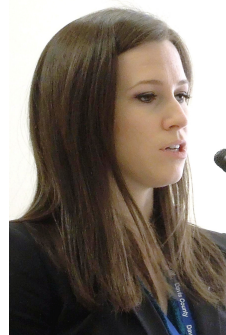
Sen. Bramble is supposed to be running a substitute bill that will strip out the “easy” vetted choices and leave the tax credit.

Sen. Weiler is trying to get the fiscal impact down to \$100,000 in this tight budget year.

There was some discussion of the employer's liability in the case that the savings plan fails.

The bill does not mandate any action by employers or employees. The tax credit would be available to businesses with more than 3 employees and fewer than 100.

HB242 Family Medical Leave Amendments



Stephanie Pitcher

Sponsored by Rep. Dixon Pitcher (R) District 10 and presented to the WSLC by a related attorney, Stephanie Pitcher, the bill gives workers the right to take temporary leave from employment for

family or medical reasons without endangering their job. It is similar to the federal law known as FMLA that was passed 24 years ago. This bill extends the benefit to employees of smaller businesses (30 to 50 employees) than FMLA applies to. This would cover some of the 40% of workers who are not covered by FMLA. Some states have extended this type of leave to businesses with as few as 5 employees, but the 30

employee minimum is considered a happy medium for Utah.

There is no opposition yet, but there probably will be. One sticking point might be the problem of having an essential employee of a small business take extended leave. This is a factor that is relevant to the minimum employee requirement: the smaller the business, the more likely that it could be harmed by having an essential employee take several weeks of leave. The bill's sponsors (Sen.

Shiozawa is the Senate sponsor) hope that businesses of more than 30 employees can cope with the FMLA obligations with a minimum of risk.

Related types of leave are short-term disability, unpaid leave, leave covered by accrued vacation, and paid leave that is covered by private insurance.

NOTE: The membership voted to adopt a [resolution](#) supporting [HB47 End of Life Options Act](#).

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