

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 1902  
SPONSOR: Senator Peaden  
SUBJECT: Local Government  
DATE: February 9, 2002 REVISED: 02/12/02 \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Cooper	Yeatman	CA	Fav/1 amendment
2.			CM	
3.				
4.				
5.				
6.				

## I. Summary:

This bill prohibits political subdivisions of the state from requiring employers to pay a minimum wage that exceeds the federal minimum wage, or from requiring an employer to pay a minimum wage if such wages are exempt under the Fair Labor Standards Act. However, the bill does not limit a political subdivision’s authority to establish a minimum wage that exceeds the federal minimum wage if it is for it’s own employees, pursuant to the terms of any contract in which the political subdivision is a party procuring goods or services, or as a condition of the political subdivision providing a direct tax abatement or subsidy to an employer.

This bill creates new unspecified sections of Florida Law.

## II. Present Situation:

### Federal and State Minimum Wage Laws

The current federal minimum wage for covered, nonexempt employees is \$5.15 per hour (The Fair Labor Standards Act, 29 U.S.C., s. 206). There are a number of exemptions from the federal minimum wage law, such as: taxicab drivers; babysitters; employees of a small-circulation newspaper business; children employed by parents; and specified agricultural workers.

Florida is one of seven states without a state minimum wage law. The other states include Arizona, Mississippi, Louisiana, Alabama, Tennessee, and South Carolina. Ten states have minimum wage rates higher than the federal rate: Alaska, Hawaii, Oregon, Washington, California, Maine, Vermont, Massachusetts, Connecticut, and Rhode Island. New Mexico, Kansas, and Hawaii have minimum wage rates lower than the federal rate. In cases where an employee is subject to both the state and federal minimum wage laws, the employee is entitled to the higher of the two minimum wages.

**The National Living Wage Campaign**

The “living wage” campaign is an organized effort of national scope, the goal of which is to require employers to pay minimum wages in excess of those required by the federal minimum wage law. The proposed wage rates are usually designed to increase an individual worker’s wage to some point above the federal poverty level for a family of four. Living wage proponents typically propose minimum wages of \$10 to \$15 an hour. It has been reported that at least 79 local governments nationwide have adopted some type of living wage ordinance, the most common requiring employers contracting with the local government be required to pay the specified higher minimum wage.

**Living Wage Laws in Florida**

In Florida, Miami-Dade County and Miami Beach have passed ordinances which require employers who contract with them to pay their employees a minimum wage higher than that required under the federal minimum wage. It is reported that other local governments in the state are considering enacting living wage ordinances.

In May 1999, the Board of County Commissioners of Miami-Dade County voted unanimously to enact a “living wage” ordinance requiring that the county, certain of its service contractors, and airport licensees (for ground service personnel), pay employees a living wage of no less than \$8.56 an hour if employer-paid health benefits are offered, or \$9.81 without health benefits. The ordinance covers the following categories of county service contracts worth at least \$100,000:

- food preparation and/or distribution;
- security services;
- routine maintenance services such as custodial, cleaning, refuse removal, repair, refinishing, and recycling;
- clerical or other non-supervisory office work, whether temporary or permanent;
- transportation and parking services including airport and seaport services;
- printing and reproduction services; and
- landscaping, lawn, and/or agricultural services.

The ordinance establishes a Living Wage Commission to enhance compliance and review the effectiveness of the law.

In April 2001, the City of Miami Beach voted to enact a “living wage” ordinance requiring the city and certain of its service contractors with contracts over \$100,000 to pay employees a living wage of no less than \$8.56 an hour if employer-paid health benefits are offered, or \$9.81 without health benefits, indexed annually.

Florida currently has no law which would prohibit any local jurisdiction from establishing a minimum wage that exceeds the federal minimum wage.

### III. Effect of Proposed Changes:

**Section 1** of the bill defines the "political subdivision" to mean counties, municipalities, departments, commissions, districts, boards, and other public bodies, whether corporate or otherwise, created by or pursuant to state law.

**Section 2** prohibits political subdivisions of the state from requiring an employer to pay a minimum wage that exceeds the federal minimum wage established in s. 6 of the Fair Labor Standards Act of 1938, (29 U.S.C. s. 206), or requiring employer to pay a minimum wage related to employee wages that are exempt under the Fair Labor Standards Act.

**Section 3** declares that this act does not limit the authority of a political subdivision of the state to establish a minimum wage that exceeds the federal minimum wage:

- For its own employees;
- Pursuant to the terms of any contract in which the political subdivision is a party procuring goods or services; or
- As a condition of the political subdivision providing a direct tax abatement or subsidy to an employer.

**Section 4** defines "wage" as having the same meaning as set forth in s. 3(m) of the Fair Labor Standards Act of 1938, 29 U.S.C. s. 203(m).

**Section 5** provides that the bill takes effect upon becoming a law.

### IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

### V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

**B. Private Sector Impact:**

Employers not required by contract to provide a minimum wage that exceeds the federal minimum wage, or that imposes a minimum wage on wages currently exempt under the Fair Labor Standards Act, will be protected from local government mandates to pay employees an amount greater than the minimum wage required under current law.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

#1 by Comprehensive Planning, Local and Military Affairs:

This amendment allows, upon referendum approval, political subdivisions of the state to require employers pay a minimum wage that exceeds the federal minimum wage, or to require an employer to pay a minimum wage if such wages are exempt under the Fair Labor Standards Act.