

78th Oregon Legislative Assembly - 2016 Regular Session
STAFF MEASURE SUMMARY
Senate Committee On Workforce and General Government

MINORITY REPORT
MEASURE: SB 1532 MRA
CARRIER: Sen. Thatcher

Fiscal: Fiscal impact issued
Revenue: Revenue impact issued

Action Date: 02/05/16
Action: Do Pass With Different Amendments. (Printed A-Eng.) Minority
Meeting Dates: 02/02, 02/04, 02/05
Signers of the Report: Sen. Tim Knopp, Sen. Kim Thatcher
Prepared By: Jan Nordlund, Committee Administrator

WHAT THE MEASURE DOES:

Establishes two-tier, state mandated minimum wage rate: lower tier in 2017 is \$9.25 plus adjustment for inflation for exempt employers, upper tier is greater amount of lower tier or \$9.50 for nonexempt employers. Establishes that rates after 2017 are adjusted for inflation. Allows local government to set minimum wage requirements to lower tier level. Allows refundable personal or corporate tax credit equal to specified percentage of net increase in wages paid for specified hours worked by young professionals and youth and all hours worked by others. Limits this tax credit to employers of not more than 100 FTE, excluding youth and temporary workers. Allows employer with 50 or fewer employees to take personal or corporate tax credit equal to amount paid to employees above state mandated minimum wage required of exempt employer. Allows employer to take personal or corporate tax credit equal to 15 percent of wages paid to youth for first 515 hours worked, excluding any wages for which other minimum wage tax credits are claimed. Allows personal tax credit equal to taxes that would otherwise be imposed if taxpayers total wages divided by hours worked do not exceed the mandated minimum wage. Allows these four tax credits to be taken for tax years 2017 through 2020. Changes term "minimum wage" to "state mandated minimum wage" throughout statutes. Refers Act to the people for their approval or rejection at the next regular general election.

ISSUES DISCUSSED:

- Wage needed to be self-sufficient or above federal poverty level
- Initiatives to raise minimum wage that may be on November ballot
- Demographics of low-wage workers
- Regional variations in wages, unemployment, and cost of living
- Whether an increase in minimum wage is an unfunded mandate on local government
- Anticipated response from business owners

EFFECT OF MINORITY AMENDMENT:

Replaces original measure.

BACKGROUND:

The minimum wage is the lowest hourly wage a non-exempt employee may be paid by an employer. In 1938, Congress set the first national minimum wage at \$0.25 per hour. Currently, the federal minimum wage is \$7.25 per hour. Oregon set a minimum wage in 1911. In 2002, Oregon voters enacted Measure 25, setting the Oregon minimum wage at \$6.90 per hour and directing the Labor Commissioner to annually adjust the Oregon minimum wage for inflation as measured by the U.S. City Average Consumer Price Index for All Urban Consumers. Oregon's minimum wage is currently \$9.25 per hour. It did not increase in 2016 as the change in the CPI was too small to trigger an increase.