

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on January 31, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Lynne Holt, Legislative Research Department  
Jerry Ann Donaldson, Legislative Research Department  
Bob Nugent, Revisor of Statutes  
Betty Bomar, Secretary

Conferees appearing before the committee:

Mary Becker, Kansans Respond  
Wayne Maichel, AFL - CIO  
Ron Hein, Kansas Restaurant & Hospitality Association  
Hal Hudson, National Federation of Independent Businesses  
Tawny Stottlemire, Kansas Association of Community Action Programs

Others attending: See attached list

**SB 265 - Increasing minimum wage to \$5 an hour**

Mary Becker, Kansans Respond, continued her testimony from January 28 in support of **SB 265**, citing Economic Policy Institute Center on Budget and Policy figures which reflect that Kansas is one of ten states where income inequality has grown the most since the 1970's, which has resulted in an increased reliance on emergency service providers. The Kansas Foodbank Warehouse increased its distributions by 37% in 1999; Topeka Rescue Mission is completing a \$2 million expansion due to an increase in homelessness among families; and Catholic Charities in Wichita served 5,500 clients for emergency services during the first 10 months of 1999, and turned away 8,500 people during the same time period, due to lack of resources. (Attachment 1)

The Committee raised questions pertaining to the membership of the Economic Policy Institute, whether the figures are scewed due to the inclusion of Johnson County, whether supplemented public support was calculated in income, and the percentage of those living in poverty are single family parents. Ms. Becker responded she was unaware of the makeup of the Economic Policy Institute and that about half of those living in poverty are single family parents.

Wayne Maichel, AFL-CIO, testified in support of **SB 265**, stating Kansas' minimum wage is next to the bottom of the 43 states that have a minimum wage and it has not been adjusted since 1988. Mr. Maichel informed the Committee that agriculture and domestic service employees are presently exempt from Kansas law. The Committee has three choices relating to this legislation: 1) leave the wage as it is, next to the lowest in the nation, 2) repeal the minimum wage in Kansas, or 3) pass the bill, bringing the minimum wage more in line with the rest of the states. (Attachment 2)

Ron Hein, Kansas Restaurant and Hospitality Association, testified in opposition to **SB 265**, stating minimum wage often adversely affects the very people the legislation is intended to help. The result of minimum wage legislation forces the employer to reconsider a decision to employ the least educated, least trained, least experienced worker. The government can increase the minimum wage, but cannot force employers to pay a higher wage to those least employable and most at risk. (Attachment 3)

Mr. Hein stated the impact of the minimum wage is different for the restaurant, lodging and hospitality industry due to the fact that many employees also receive tips. Under federal law, the minimum wage is \$5.15 per hour but only \$2.13 of that wage is required to be paid by the employer if the

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tips received are sufficient to exceed the \$5.15 minimum. If the tips do not bring the total wage to \$5.15, the employer must then make up the difference. In Kansas, the minimum wage is \$2.65 per hour, but a maximum of 40% of such amount can be in tips. If the minimum wage is raised to \$5.00, the employer must pay a cash wage of \$3.00 per hour, since only 40% of the \$5.00 (\$2.00) could be counted in tips. To clarify the difference between federal and state minimum wage laws, Mr Hein explained that under federal law, the payment of \$2.13 plus \$4.00 in tips per hour results in a wage of \$6.13 per hour. Under state law, passage of **SB 265** would mean the employee would have to be paid \$3.00 by the employer, and would add their \$4.00 in tips, resulting in wage of \$7.00 per hour.

Mr. Hein stated that although the Restaurant Association opposes **SB 265**, it has no objection to repealing the state minimum wage as long as the legislation prohibits local minimum wage ordinances.

Hal Hudson, State Director, National Federation of Independent Business (NFIB), testified in opposition to **SB 265**, stating the imposition of rules and regulations pertaining to conditions of employment does not help the business owner. NFIB members have consistently opposed the establishment of any minimum wage as an intrusion in their right to run their businesses, and urge the Committee to reject the increase proposed in **SB 265**. Mr. Hudson stated that if a minimum wage is retained in Kansas, a provision prohibiting the state or any political subdivision authority to establish a minimum wage exceeding that established by Congress should be enacted. (Attachment 4)

Tawny Stottlemire, Executive Director, Kansas Association of Community Action Programs, testified in support of **SB 265**, stating that inasmuch as the persons most impacted by this legislation are teenagers and college students working in service industries, a failure to pass the increase in the state minimum wage sends the message that Kansas supports cheap child labor. **SB 265** provides Kansas an opportunity to make its young people understand their value as workers and provides a positive outlook on their future in the job market. (Attachment 5)

The hearing on **SB 265** was concluded.

**Senator Steffes moved, seconded by Senator Gooch, that a bill requested by the Department of Commerce and Housing relating to enterprize zones, 9rs2031, be introduced as a Committee bill. The voice vote was in favor of the motion.**

**Upon motion by Senator Donovan, seconded by Senator Umbarger, the Minutes of the January 28, 2000 Meeting were unanimously approved.**

The meeting concluded at 9:00 a.m.

The next meeting is scheduled for February 1, 2000.