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Status	Circulating
Short Ballot Title	An Initiative To Increase Minimum Wages To $15.00 Per Hour And Tipped Employees' Minimum Direct Wages To $11.50 Per Hour.
Long Ballot Title	An Initiative Amending Chapter 15, Title 44, Idaho Code; Increasing Minimum Wage Rate Applicable To Most Non-Exempt Employees By July 1, 2027 To Fifteen Dollars ($15.00) Per Hour; Establishing Formula For Subsequent Years To Annually Adjust Minimum Wage Rate In Direct Proportion To Increases In Specified Federal Consumer Price Index; Increasing Minimum Wage Amount Of Direct Wages Paid To Tipped Employees To Eleven Dollars and Fifty Cents ($11.50) Per Hour By July 1, 2027; Providing In Subsequent Years The Minimum Wage For Tipped Employees Shall Not Be Less Than Three Dollars And Ninety Cents ($3.90) Per Hour Less Than Minimum Wage; Repealing Subsections (3) And (4) Of Section 44-1502, Idaho Code, Removing Allowance For Employers To Pay To Employees Under Age Of Twenty (20) Years A Minimum Wage Rate Of Four Dollars And Twenty-Five Cents ($4.25) For A Period Of Ninety (90) Days After Initially Employed; And Adding New Subsection (3) Of Section 44- 1502, Idaho Code, Providing Counties And Municipalities With Authority To Increase The Minimum Wage Rate Above The Minimum Wage Rate Provided In This Section.
Full Text	Be It Enacted by the People of the State ofldaho: **SECTION 1. SHORT TITLE.** This Act shall be known as the Act to Raise the Minimum Wage to $15 by 2027. **SECTION 2.** That Section 44-1502, Idaho Code, be, and the same is hereby amended, to read as follows: **44-1502. MINIMUM WAGES.** (1) Except as ~~hereinafter~~ otherwise provided in this section, no employer shall pay to any of his employees any wages computed at a rate of less than the minimum wage, which shall be seven dollars and twenty-five cents ($7.25) per hour for employment until June 30, 2023, and then shall increase to the following amounts: (a) Nine dollars and fifty cents ($9.50) per hour, effective July 1, 2023; (b) Eleven dollars ($11.00) per hour, effective July 1, 2024; (c) Twelve dollars and fifty cents ($12.50) per hour, effective July 1, 2025; (d) Fourteen dollars ($14.00) per hour, effective July 1, 2026; (e) Fifteen dollars ($15.00) per hour, effective July 1, 2027; (f) Beginning on July 1, 2028, and on each July 1 thereafter, the minimum wage shall increase by the rise in the cost of living. The measure of the rise in the cost of living shall be determined using data for March in the year of the increase, based on the percent change from 12 months ago in the United States Department of Labor's consumer price index for urban wage earners and clerical workers (CPI-W, non-seasonally adjusted, U.S. city average), or a successor index. The new minimum wage shall be calculated by adding the existing minimum wage to the rise in the cost of living multiplied by the existing minimum wage and rounded to the nearest multiple of five cents. In any particular year, if there is no rise in the cost of living using the methodology provided for herein, there shall be no increase or decrease under this paragraph in the minimum wage that year.

Full Text *(continued)*

(g) The amount of the minimum wage shall conform to, and track with, the federal minimum wage until June 30, 2023. As of July 1, 2023, the minimum wage shall be the amounts provided for by this section, or a higher amount ifrequired by federal law. If the minimum wage is set by federal law, paragraph (f) shall apply.

(2) In determining the wage of a tipped employee, the amount of direct wages paid by an employer to the employee shall be deemed to be increased on account of tips actually received by the employee; provided however, the direct wages paid to the employee by the employer shall not be in an amount less than three dollars and thirty-five cents ($3.35) an hour until June 30, 2023, and then shall increase to at least the following amounts, or to higher amounts if required by federal law:

(a) Five dollars and fifty cents ($5.50) per hour, effective July 1, 2023;

(b) Seven dollars ($7.00) per hour, effective July 1, 2024;

(c) Eight dollars and fifty cents ($8.50) per hour, effective July 1, 2025;

(d) Ten dollars ($10.00) per hour, effective July 1, 2026;

(e) Eleven dollars and fifty cents ($11.50) per hour, effective July 1, 2027;

(f) Beginning July 1, 2028, and on each July 1 thereafter, the direct wages paid to the employee by the employer shall be not less than minimum wage minus three dollars and ninety cents ($3.90) per hour.

(g) If the tips actually received by the employee combined with the direct wages paid by the -employer do not at least equal the minimum wage, the employer must make up the difference. In the event a dispute arises between the employee and the employer with respect to the amount of tips actually received by the employee, it shall be the employer's burden to demonstrate the amount of tips actually received by the employee. Any portion of tips paid to an employee, which is shared with other employees under a tip pooling or similar arrangement, shall not be deemed, for the purpose of this section, to be tips actually received by the employee.

(3) ~~In lieu of the rate prescribed by subsection(1) of this section, an employer may pay an employee who has not attained twenty (20) years of age a wage which is less than four dollars and twenty-five cents ($4 .25) an hour during the first ninety (90) consecutive calendar days after such employee is initially employed. No employer may take any action to displace employees (including partial displacements such as reduction in hours, wages or employment benefits) for purposes of hiring individuals at the wage authorized in this subsection.~~

Counties named in Chapter 1 of Title 31, Idaho Code, and municipal corporations governed by Title 50, Idaho Code, may establish and enforce minimum wage laws higher than the minimum wages provided in this section.

~~(4) No political subdivision of this state, as defined by section 6-902, Idaho Code, shall establish by ordinance or other action minimum wages higher than the minimum wages provided in this section.~~

END.

Funding Statement

Funding Source Statement for the Act to Raise the Minimum Wage to $13 by 2026

Implementation of this measure will have no direct cost to the State and its passage is expected to generate significant new revenue. As it already does, the Idaho Department of Labor will publish notices of the new minimum wage and will enforce violations. The wage being set at a higher level is not anticipated to increase the cost of performing these functions.

Existing appropriations to the Department of Labor are expected to be sufficient to carry out these administrative tasks, however nothing in this measure prevents the Legislature from allocating additional general revenue as it sees fit.

Expert studies have shown that raising the minimum wage boosts personal income and generates new economic activity, both of which will lead to tens of millions of dollars in new tax revenue for Idaho each year.

Fiscal Impact Statement	

Fiscal Impact Statement

Summary

Income tax collections are unlikely to benefit through these initiatives, primarily due to deductions and standard types of credits. Sales tax collections could potentially benefit, under the assumption that jobs counts are not adversely impacted. There are costs to state and local government for wages and benefits. Employment changes were not modeled, nor were wage compression effects.

Assumptions

State data is representative for local government. History is indicative of the future. Exponential decay of costs across time is a reasonable model. Jobs counts are assumed to not be negatively impacted by the minimum wage increases.

Data

A state agency provide 16 data points for direct employment wage costs for meeting the various minimum wage thresholds from $9.50 to $15.00. Historical data was slimmer. Some local agencies were consulted to ensure that there was a potential impact there as well. Examples included

https://www.cassiaschools.org/domain/1109
https://www.westada.org/Page/203
http://www.lposd.org/home/departments/accounting/payroll-reports

Computation

CPI-W was modeled on CPI, which is forecast by IRS.

A weighted average of Cobb-Douglass equations produced a formula for state direct costs as determined by CPI-W and the new minimum wage rate. CPI-W was used as a proxy for time as it was 1-1, and the initiatives relate to CPI-W. CPI-W was quadratic in the exponent, fitting data across 2021. Wages were linear in the exponent, fitting $9.50 as well as $15.00 data across one historical value against the 2021 value. The weighted averaging took into account that these two linear-exponent models (the time factors) were not the same. Both factors show decay across time.

The 2021 data included a break-out for state eduction versus administration. That set of ratios was applied to the Cobb-Douglass output.

A regression for the ratio of local government employment to state government employment was found for each of administration and education. Forecasts of those were used to provide for growth.

Literature

See

https://evans .uw.edu/faculty-research/research-projects-and-initiatives/the-minimum-wage-study/
https://irle.berkeley.edu/high-minimum-wages-in-six-cities/
https://irle.berkeley.edu/new-cwed-study-low-wage-areas-can-afford-15-hr-minimum-wage/
https://laborcenter.berkeley.edu/low-wage-work/
https://davidcard.berkeley .edu/papers/njmin-aer.pdf

for research on minimum wage changes. It is a complicated topic of study.

Caveats

The effects of these initiatives are likely complicated. DFM does not have models built to handle them. The Idaho Economic Model used to produce forecasts produces a job increase if the average wage increases, but underlying that assumption is that the increase comes about because employers are earning more or workers are bringing greater skills to the job. Mandated wage increases may not work in the same way. An analogy would be a string transmitting force. Pulling on it transmits the tug well. Pushing on the string may not. Hence a direct increase in the average annual wage was not used to model general fund revenues under such a shock, and other methods were consequently used.