

Legislative Analysis



INCREASE MINIMUM WAGE

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Senate Bill 318 as passed by the Senate

Sponsor: Sen. Raymond E. Basham

House Committee: None (Placed directly on Second Reading)

Senate Committee: Commerce and Labor

Complete to 3-13-06

A SUMMARY OF SENATE BILL 318 AS PASSED BY THE SENATE 3-9-06

The bill would amend the Minimum Wage Law to increase the standard minimum wage from \$5.15, as follows:

** To \$6.95, beginning October 1, 2006.

** To \$7.15, beginning July 1, 2007.

** To \$7.40, beginning July 1, 2008.

The bill also specifies, however, that if a ballot proposal establishing a minimum wage is approved by voters at the November 7, 2006 General Election, the minimum wage would be set at the rate prescribed by the ballot proposal.

[A proposed amendment to the State Constitution that proponents would like to put on the ballot this November would put the minimum wage at \$6.85 as of January 1, 2007, with that figure to be adjusted each July 1 thereafter, based on increases in the consumer price index. The ballot question would also set the minimum wage for employees who customarily and regularly receive tips and gratuities (such as restaurant waitstaff) at \$2.50 below the standard minimum wage. (Senate Bill 318, as passed by the Senate, does not address employees receiving tips and gratuities.)]

MCL 408.384

FISCAL IMPACT:

The fiscal impact cannot be determined because overall employment due to a change in the minimum wage could either rise or fall depending on specific labor market characteristics.

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