

Senate Commerce Committee

Aaron Jones 271-4063

SB 136-FN, relative to the state minimum hourly rate.

Hearing Date: March 9, 2021

Time Opened: 8:57 a.m.

Time Closed: 9:42 a.m.

Members of the Committee Present: Senators French, Gannon, Bradley and Soucy

Members of the Committee Absent : Senator Cavanaugh

Bill Analysis: This bill sets the minimum hourly rate paid to employees. The bill also amends the minimum hourly rate for tipped employees.

Sponsors:

Sen. Soucy

Sen. D'Allesandro

Sen. Perkins Kwoka

Sen. Watters

Sen. Rosenwald

Sen. Whitley

Sen. Cavanaugh

Sen. Prentiss

Sen. Sherman

Who supports the bill: Please refer to sign-in sheets

Who opposes the bill: Trysten McClain, Alvin See, Elliot Axelman, Nancy Graham, Daniel Richardson, Dorothy Bauer, Representative Jody Underwood, Curt Howland

Who is neutral on the bill: Samantha Fillmore (The Heartland Institute)

Summary of testimony presented in support:

Senator Donna Soucy

- This bill would increase the minimum wage for the first time in 14 years.
- Through an increased minimum wage, workers will be able to help stimulate the economy.
- Since 2010, New Hampshire has let Washington, D.C. decide what wages should be in the state.
- There's a perception and concern that New Hampshire doesn't value workers the same way that other New England states do.
 - In Massachusetts, the minimum wage is \$13.50, and the tipped wage is \$5.50.
 - In Maine, the minimum wage is \$12.50, and the tipped wage is \$6.08.
 - In Vermont, the minimum wage is \$11.75, and the tipped wage is \$5.88.

- By offering higher wages, surrounding states attract New Hampshire workers into their service industries.
- According to Mr. Veilleux, most restaurants cannot get workers to work for less than \$12 an hour.
- Senator Soucy agreed that a vast majority of competitive businesses throughout the state do pay more than \$10 an hour. In fact, Senator Soucy heard from a large business that they couldn't get people to show up for anything less than that amount.
- By January 2022, this bill would increase the minimum wage to \$10 an hour.
- According to Senator Soucy, this bill wouldn't burden businesses, increase job lost, or cause wage compression.
- Currently, those employed full-time and earning the minimum wage only make \$15,000 per year. Even with an additional job, those workers earn wages that are below the federal poverty guidelines. Further, in New Hampshire, those wages aren't enough for an individual to live on or support a family.
- As vaccinations increase and the Legislature works to recover the economy, Senator Soucy said this is the appropriate time to implement this bill. Further, this bill will help attract younger workers to the state.
- When compared to surrounding states, New Hampshire is on an island by itself.
- Senator Soucy concluded that it's time for elected officials to do what's best for the state, businesses, and the economy.
- **Senator Gannon** asked how many people are working 40 hours a week and earning \$7.25 an hour.
 - **Senator Soucy** didn't have the exact number, but it was very few workers. Employees who work that many hours do qualify for different forms of public assistance; therefore, New Hampshire is subsidizing businesses that are unwilling to pay a fair wage.
- **Senator Gannon** said his high school children started at minimum wage at Dunkin' Donuts and the mall, but their wages went up after a couple of months. Senator Gannon wondered if the economy and the free market took care of the issue by paying workers at a higher rate.
 - **Senator Soucy** found that there are areas of the state that do pay less; however, competitive areas, particularly around the border, struggle to find service industry workers that will work for anything less than a double-digit wage.
- **Senator Gannon** wondered if there was a problem to fix if businesses were already paying \$10 or \$12 an hour for an employee to start.
 - **Senator Soucy** replied that it was in New Hampshire's interest to set a wage, instead of letting the federal government set it. Throughout the years, there have been labor laws passed that have enshrined basic minimums in state statute to ensure workers are treated fairly.
- **Senator French** asked if someone who made \$12 an hour would still be eligible for assistance in the state.

- **Senator Soucy** said they might be eligible for some form of assistance, but she wasn't sure. Also, it would depend on whether the person has children or not.
- **Senator French** wondered if workers would lose out on assistance, even if their wages were raised minimally.
 - **Senator Soucy** said she didn't believe they would, but she would provide the Committee with data by the end of the day.
- **Senator Gannon** said he heard that between 7,500 and 12,000 people make minimum wage, which equated to less than a fraction of a percent of the workforce. Senator Gannon asked if those numbers were correct.
 - **Senator Soucy** said she didn't have a specific number, and she didn't want to provide the Committee with an inaccurate answer.

Dr. Reverend Gail Kinney, New Hampshire United Church of Christ

- In 2011, churches and faith leaders across all traditions in New Hampshire were appalled by the Legislature's decision to remove the minimum wage statute.
- In response, the New Hampshire United Church of Christ adopted a resolution that stated it was a moral imperative to reinstitute the minimum wage. Additionally, it stated that a wage should be enough for someone to survive on without having to be supported by public assistance.
- Taxpayers are subsidizing employers because workers who make \$10 an hour can still apply for assistance to find a place to live and/or support a child.
- In 2014, the Church held a luncheon at St. Paul's Church in Concord. Dr. Reverend Kinney recalled a legislator who attended the event who had always voted against the minimum wage; however, after the luncheon, he realized that his Catholic teachings stated that a laborer should be paid his or her dues.
- According to Dr. Reverend Kinney, the minimum wage was never supposed to be a training wage, or an entry level wage, or a young adult wage. Instead, when the concept was created, it was intended to be a wage for a worker to survive on.
- If the market was responsive, then Dr. Reverend Kinney said there wouldn't be the working poor in New Hampshire. Further, if the market provided, then New Hampshire taxpayers wouldn't have to subsidize multi-billion-dollar, multinational corporations.
- Dr. Reverend Kinney said this bill was a start, and she implored the Committee to pass it.
- **Senator French** asked if Dr. Reverend Kinney knew what the minimum income would be before someone was no longer eligible for government assistance.
 - **Dr. Reverend Kinney** responded that eligibility for assistance is gauged in different ways, such as the size of a person's family and if they have children. Also, there are various forms of assistance, such as heating,

food, and housing. However, she wasn't sure of the exact standards of who gets what.

- **Senator French** asked if assistance was tied to the federal poverty guidelines.
 - **Dr. Reverend Kinney** said she wasn't an expert in regulations that are overseen by New Hampshire Health and Human Services or other state agencies. Often, those who do earn at the federal poverty level aren't able to buy food or have a place to live. In New Hampshire, given the rental prices, she said that an individual would need to work between 2 and 3 minimum wage jobs to afford rent. She reiterated that eligibility varied, and that there might be people who could provide better information on it.

Kathy Staub, Raise Up New Hampshire

- By raising the minimum wage, low wage workers will have more in their pocket to help stimulate the economy.
- As Senator Soucy stated, the surrounding New England states have a higher minimum wage.
- New Hampshire has a high cost of living, and rental prices are similar to Massachusetts.
 - For example, the average rent for a 2-bedroom apartment in Manchester has went from \$1,000 to \$1,400 a month.
 - To afford rent in New Hampshire, a single parent would need to make at least \$20 an hour.
- In this bill, Ms. Staub was concerned by the reduction of the tipped wage from 45 percent to 35 percent of the minimum wage.
- Ms. Staub contended that tipped wages offered were much lower than \$12 an hour.
 - For example, waitresses, bartenders, and hairdressers make a median wage per hour of \$9.97, \$9.73, and \$11.60, respectively.
- Currently, the tipped wage in New Hampshire is \$1 higher than the national tipped wage.
- Each New England state has a higher tipped wage, yet their restaurant industry has thrived.
- Presently, there's \$25 billion in federal relief available to help restaurants recover; therefore, Ms. Staub said that the burden of the recovery shouldn't be placed on tipped workers, which are primarily women.
- Federally, the Raise the Wage Act would raise the minimum wage to \$15 an hour by 2025. It also would gradually phase out the tipped wage by 2027.
- Since 80 percent of New Hampshire tipped workers are women, Ms. Staub wondered if this provision could be considered discriminatory because it would create a separate wage for certain classes of people.
- Research has shown that as an individual makes more money, they get less in assistance.

- Ultimately, this bill would demonstrate that New Hampshire values its workers.
- **Senator Gannon** wanted clarification that he heard Ms. Staub say that hairdressers make \$9.90 an hour.
 - **Ms. Staub** responded that wages range from \$8.91 an hour for an entry level worker to \$17.73 an hour for an experienced worker. This variation can be attributed to those working at a place, such as Supercuts, as opposed to a high-end salon. Ms. Staub said she knew a hairdresser that worked in Maine and New Hampshire. In Maine, on a low volume day, that person would make \$9 an hour; however, in New Hampshire, she would only make \$7.25 an hour.

Emmett Soldati

- For his small business to succeed, Mr. Soldati said he needed to pay employees, regardless of their age, a livable wage.
- This bill would lift all boats and provide businesses with an onramp to improve their employee's wages.
- Since businesses owners and entrepreneurs are good planners, Mr. Soldati said they can work with the rules set forth in this bill.
- When he increased the cost of his payroll, Mr. Soldati made cost calculations that took into consideration changes in prices and inventory.
- Unlike small businesses, larger chain businesses have different ways to control prices, marketing, and wages.
- A minimum wage increase would establish a mandate that would keep more money in local communities; thus, enabling people to patronize more local businesses.
- According to 2017 census data, 15 percent of New Hampshire households made under \$25,000 a year.
- Ultimately, this bill demonstrates what quality of life should look like in New Hampshire, while also ensuring that more people participate in their local economy.
- **Senator Gannon** asked if Mr. Soldati worried about the effects of the pandemic, and if increased overhead costs would result in higher prices and decreased foot traffic.
 - **Mr. Soldati** replied that this bill wouldn't make businesses immediately double their base payroll during a pandemic. Instead, this bill would strengthen the economy from the ground up. If businesses are told that this legislation will increase the livelihood of their employees and increase housing affordability, then Mr. Soldati said owners would support that. This bill would enable businesses to build costs into their pricing, inventory, and marketing. Ultimately, part of recovering the economy is to provide for those at the bottom of the wage spectrum.
- **Senator Gannon** wanted to know how much Mr. Soldati paid a high schooler who washed dishes.

- **Mr. Soldati** said that they pay everyone \$15 an hour. He recognized the need to increase wages as housing costs have increased. Additionally, the more he provides to those in Somersworth, the more likely they're to shop in the local economy.

Summary of testimony presented in opposition: None

Neutral Information Presented:

Samantha Fillmore, State Government Relations Manager, The Heartland Institute

- According to a report by the Congressional Budget Office, as minimum wage is increased, a significant number of employees will experience a wage boost. However, this boost would come at the expense of millions of lost jobs, which would primarily hurt smaller businesses.
- According to Yelp, 60 percent of U.S. businesses have closed since last year. Of those businesses, most are looking to shutdown permanently.
- From March 1 to July 10, 2020, 449 businesses in New Hampshire have either temporarily or permanently closed.
- Ms. Fillmore applauded the efforts made by this bill; however, given the pandemic, this wasn't the appropriate time to raise the minimum wage. Furthermore, most small businesses already operate on small revenue margins.
- If this bill were passed, New Hampshire would face a revenue shortfall as more small businesses are forced to close.
- Ms. Fillmore stated that most small businesses already pay more than the minimum wage.
- Ms. Fillmore urged the Committee to vote against this bill to protect liberty, leave the contract between workers and businesses alone, and allow businesses to maintain autonomy.

Henry Veilleux, on behalf of the New Hampshire Lodging & Restaurant Association

- Mr. Veilleux thanked Senator Soucy for addressing the tipped wage issue, even if it took a different approach than SB 137-FN.