

HB 517-FN - AS INTRODUCED

2021 SESSION

21-0001

04/06

HOUSE BILL ***517-FN***

AN ACT relative to the state minimum hourly rate.

SPONSORS: Rep. Schultz, Merr. 18; Rep. Ellison, Merr. 27; Rep. Harriott-Gathright, Hills. 36;
Rep. Wazir, Merr. 17; Rep. Bouchard, Hills. 11; Rep. Oxenham, Sull. 1; Rep.
Levesque, Straf. 4; Rep. Stavis, Graf. 13; Sen. Whitley, Dist 15; Rep. Kenney,
Straf. 6

COMMITTEE: Labor, Industrial and Rehabilitative Services

ANALYSIS

This bill increases the minimum hourly rate, increases the base rate for tipped employees, and adjusts both rates annually based on the most recent 12-month average of the consumer price index. The bill also requires a youth minimum wage for employees under 18 years of age.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears ~~[in brackets and struckthrough.]~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT relative to the state minimum hourly rate.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Minimum Hourly Rate. Amend the introductory paragraph of RSA 279:21 to read as follows:
2 279:21 Minimum Hourly Rate. Unless otherwise provided by statute, no person, firm, or
3 corporation shall employ any employee at an hourly rate lower than that set forth in the federal
4 minimum wage law, as amended, **or the following minimum hourly rate, whichever is higher:**

5 **\$12.75 per hour effective September 1, 2021.**

6 **\$13.50 per hour effective January 1, 2022.**

7 **\$14.25 per hour effective January 1, 2023.**

8 **\$15 per hour effective January 1, 2024.**

9 ***Beginning January 1, 2025, and each January 1 thereafter, the minimum hourly***
10 ***rate for employees and the base rate for tipped employees shall be adjusted according to***
11 ***the increase in the cost of living according to the Northeast consumer price index for the***
12 ***most recent 12-month period as determined by the United States Department of Labor,***
13 ***Bureau of Labor Statistics. The adjustment to the minimum hourly rate for employees and***
14 ***the base rate for tipped employees shall not result in a decrease to either rate.***

15 Tipped employees of a restaurant, hotel, motel, inn or cabin, or ballroom who customarily and
16 regularly receive more than \$30 a month in tips directly from the customers will receive a base rate
17 from the employer of not less than [45] **50** percent of the applicable minimum [wage] **hourly rate**. If
18 an employee shows to the satisfaction of the commissioner that the actual amount of wages received
19 at the end of each pay period did not equal the minimum [wage] **hourly rate** for all hours worked,
20 the employer shall pay the employee the difference to guarantee the applicable minimum [wage]
21 **hourly rate**. The limitations imposed hereby shall be subject to the following exceptions:

22 2 New Paragraph; Minimum Hourly Rate; Youth Minimum Wage. Amend RSA 279:21 by
23 inserting after paragraph VIII the following new paragraph:

24 IX. The minimum hourly rate for a person under 18 years of age shall be \$8 per hour for the
25 first 6 months of employment, and thereafter shall increase to the minimum hourly rate applicable
26 under this section.

27 3 Effective Date. This act shall take effect July 1, 2021.

**HB 517-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to the state minimum hourly rate.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2021	FY 2022	FY 2023	FY 2024
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Funding Source:	<input checked="" type="checkbox"/> General Government Funds <input type="checkbox"/> Education <input checked="" type="checkbox"/> Highway <input checked="" type="checkbox"/> Other - Various			

LOCAL:

Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase

METHODOLOGY:

This bill increases the minimum hourly rate over the next 4 years; increases the base rate for tipped employees; and adjusts both rates annually based on the consumer price index. The Department of Administrative Services indicates this bill would increase the State minimum hourly wage to \$12.75 per hour, effective September 1, 2021, and subsequently increase the minimum wage each year by \$0.75 per hour effective January 1st for years 2022 through 2024, with cost of living adjustment in each year thereafter. State, county and municipal employers would be required to increase the rate of pay for any employee below the new minimum hourly wage. This would result in increased salary and benefit-related expenditures for employers and/or a possible reduction in staffing to offset the costs. The Department states the cost to State government would depend on how individual agencies respond based on their staffing needs. Possible responses could include:

- Reassignment to higher labor grade/step and reduce staff.
- Reassessment or consolidation of job classifications within the impacted labor grades.
- Renegotiation with unions of applicable wage schedules. Such renegotiations would likely involve adjustments to all labor grades and steps to reflect equitable scaling of pay.

The Department states potential cost of this bill is indeterminable due to the unknown impact of future wage negotiations on current wage schedules, and agency-specific responses to the increased wage rates. For example, an across-the-board increase in hourly wages for all positions, in order to comply with the proposed minimum wage rates and provide a commensurate increase for higher labor grades, would result in a greater cost than eliminating the steps in lower labor grades that fall below the proposed wages.

The Department of Administrative Services can provide information on the current number of positions in State government potentially affected by the proposed changes in the minimum hourly wage. Under the current wage schedules, 241 positions would fall below the first proposed minimum wage of \$12.75, effective on September 1, 2021. In FY 2022 up to 901 current positions could be impacted and in FY 2023, an additional 747 positions could be affected. Finally, in FY 2024, an additional 219 positions would fall below the proposed \$15.00 per hour wage. Based on data from December 2020, the table below summarizes the impact on State classified positions.

Fiscal Year	Minimum Wage	Number of Positions Impacted
FY 2021	\$12.75	241
FY 2022	\$13.50	901
FY 2023	\$14.25	586
FY 2024	\$15.00	219

The New Hampshire Municipal Association indicates this bill would cause an increase in municipal expenditures for employees being paid less than the new minimum rates as they take effect. The Association does not have information to determine how many employees would be affected or what the amounts of increase would be. The Association assumes there would be no effect on municipal revenues.

The New Hampshire Association of Counties indicates this bill will have no fiscal impact on county revenues or expenditures. The Association states there are currently no county employees making minimum wage.

AGENCIES CONTACTED:

Department of Administrative Services, New Hampshire Municipal Association and New Hampshire Association of Counties

