



PAACC Pennsylvania Update

March 1, 2018

PAACC State Capitol Snap Shot

Governor Wolf delivered his budget address to the General Assembly on Tuesday, February 6, 2018. The Governor proposed a \$32.9 billion budget, an increase of \$989.8 million, or 3.1 percent over the prior year.

While the Governor proposed no new taxes in the budget, he did propose a severance tax on natural gas drilling of \$.04 mcf, which he estimates would generate an additional \$248.7 million. This new tax would be in addition to existing impact fee requirements.

The Governor's budget also proposes increasing the minimum wage to \$12 per hour.

PAsmart is a \$50 million initiative to align workforce development efforts across commonwealth agencies to more efficiently deliver services, including \$40 million in STEM and computer science related education, as well as \$10 million through Labor and Industry to expand apprenticeships and industry partnership investments.

The House and Senate Appropriations Committees are meeting with the various Agencies and Governor's Budget Secretary to question the Governor's proposed budget as well as the Agencies budget requests. The House Appropriations Chairman is taking a different approach on their meetings and is focusing on the overall theme of job creation and the business climate.

Based on remarks made by the House Appropriations Chairman after the Governor's Budget Address, the House and Senate Republicans are collaborating on a budget bill, which will be introduced in the House in the coming weeks. This will kick off the initial budget debate as the hearings wrap up. Some House and Senate Leaders also suggested that a May budget, rather than the constitutionally required June deadline,

could be likely as there are not many issues of contentious debate in the Governor's proposal.

The PA Supreme Court's implementation of a new congressional map has been a focus of discussion. Legislative Republican leaders filed for another emergency stay with the U.S. Supreme Court in an attempt to put a hold on the new congressional map imposed by the state Supreme Court.

PAACC Legislative Report*

Minimum Wage

Several bills were recently introduced that would amend the Minimum Wage Act.

- HB 2043, introduced on Jan. 30, 2018 by Rep. Thomas Curtis, would increase the minimum wage to \$15 per hour and the tipped minimum wage to \$4.50 an hour. All future annual increases would be tied to increases in the consumer price index. In addition, this legislation would provide enabling language that would allow municipalities to raise their respective minimum wages. Currently, municipalities do not have this authority. The bill was referred to the House Committee on Labor and Industry.
- SB 1044, introduced by Sen. Christine Tartaglione on Feb. 9, 2018, incrementally raises the minimum wage in proportion to the annual cost-of-living adjustment. Specifically, if enacted, this bill would raise the minimum wage according to the following schedule:
 - \$12.00 an hour on the effective date
 - \$12.50 per hour, effective January 1st, 2019
 - \$13.00 per hour, effective January 1st, 2020
 - \$13.50 per hour, effective January 1st, 2021
 - \$14.00 per hour, effective January 1st, 2022
 - \$14.50 per hour, effective January 1st, 2023
 - \$15.00 per hour, effective January 1st, 2024
 - Further increases calculated based on the annual cost-of-living adjustment

The minimum wage for tipped employees would increase according to the following schedule:

- \$9.00 an hour on the effective date
- \$9.38 an hour, effective January 1, 2019
- \$9.75 an hour, effective January 1, 2020
- \$10.13 an hour, effective January 1, 2021
- \$10.50 an hour, effective January 1, 2022
- \$10.88 an hour, effective January 1, 2023
- \$12.00 an hour, effective January 1, 2024
- Further increases calculated based on the annual cost-of-living adjustment

*Information for the Legislative Report was derived from each bill's co-sponsorship memo and the bill text.

Furthermore, beginning January 1st, 2025 and for each succeeding January 1st thereafter, the minimum wage rate would be increased by an annual cost-of-living adjustment calculated by the Secretary of Labor & Industry. The Secretary will calculate the increase using the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) for Pennsylvania, New Jersey, Delaware and Maryland. The bill was referred to the Senate Committee on Labor and Industry.

- SB 1045, introduced by Sen. Arthur Haywood on Feb. 9, 2018, will add onto previously proposed legislation by Senator Tartaglione and Rep. Kim, raising the minimum wage to \$15 dollars/hour by 2024 and raising the tipped wage to \$12/hour by 2024, by gradually increasing the tipped minimum wage to meet the non-tipped minimum wage over 3 years after 2024. It also will eliminate the preemption provision preventing local municipalities from increasing their own minimum wages above the state minimum.

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