

Colorado Legislative Council Staff Fiscal Note
STATE and LOCAL
CONDITIONAL FISCAL IMPACT

Drafting Number: LLS 15-0924	Date: March 20, 2015
Prime Sponsor(s): Rep. Melton; Moreno Sen. Merrifield	Bill Status: House SVMA
	Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: COLORADO CONSTITUTION MINIMUM WAGE

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures		See State Expenditures section.
FTE Position Change		
Appropriation Required: None.		

* This summary shows changes from current law under the bill for each fiscal year.

All agencies have been canvassed, but did not have sufficient response time. Data necessary to estimate the fiscal impact is still being collected; therefore, all estimates should be considered preliminary. The fiscal note will be revised when more information is available.

Summary of Legislation

The concurrent resolution creates a referred measure that will appear before voters at the November 2016 general election. If passed, the measure would amend the Colorado Constitution to increase the statewide minimum wage from \$8.23 to \$12.50 by January 1, 2020, by the following annual increments:

- \$9.50 on January 1, 2017;
- \$10.50 on January 1, 2018;
- \$11.50 on January 1, 2019; and
- \$12.50 on January 1, 2020.

Effective January 1, 2021, the bill stipulates that the minimum wage must be increased, rather than adjusted, annually for inflation using the Consumer Price Index.

State Expenditures

To the extent that a state agency pays a minimum wage to an employee, the measure will increase costs in that agency. The measure will also increase election-related costs in FY 2016-17. The fiscal note does not estimate the change in the minimum wage on the economy, nor its impact on tax collections, because any estimate would rely on a broad number of assumptions related to how the wages would flow through the economy and the overall impact to employers.

Impact to state agencies. Based on current job classifications and salaries paid, the vast majority of state workers earn more than \$8.23 per hour. To the extent that a state agency pays its employee a wage under \$9.50, that agency will experience an incremental increase in personal services expenditures. There are only a few state personnel categories affected; these include Dining Services I, Long Term Care Trainee I, and State Service Trainee I. Students employed in part-time work-study positions at state colleges and universities will also be affected. Wages for work-study jobs are paid through a combination of federal, state, institutional, and private funds. The need for additional funding under the measure may be addressed by increasing state funding, increasing student tuition or fees, reducing work-study hours, or any combination of these options. The actual state cost will depend on the options chosen by state agencies, schools, and by the General Assembly.

Election expenditure impact (existing appropriations). The bill creates a referred measure that will appear before voters at the November 2016 general election. Although no additional appropriation is required in this bill to cover election costs associated with this ballot measure, certain election costs to the state are appropriated as part of the regular budget process. First, state law requires that the state reimburse counties for costs incurred conducting a ballot measure election paid from the Department of State Cash Fund. Second, the text and title of the measure must be published in one legal newspaper per county and an analysis of the measure must be included in the Ballot Information Booklet (Blue Book) mailed to all registered voter households prior to the election paid from the Ballot Analysis Revolving Fund. Table 1 below identifies the anticipated costs for a single statewide ballot measure election in 2016.

Cost Component	Amount
County Reimbursement for Statewide Ballot Measures	\$2,400,000
Ballot Information Booklet (Blue Book) & Newspaper Publication	670,000
TOTAL	\$3,070,000

Local Government Impact

The impact on local governments has not been estimated, although expenditures will increase for those local governments that currently pay workers at or near the minimum wage.

Effective Date

The bill takes effect after the date of the official declaration of the vote by proclamation of the Governor, not later than 30 days after the votes have been canvassed.

State and Local Government Contacts

All State Agencies