

February 3, 2021

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
Statehouse, Room 151D-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2018 by Representative Coleman

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2018 is respectfully submitted to your committee.

HB 2018 would increase the minimum wage in Kansas by \$1.00 annually over the next ten years beginning January 1, 2022, until reaching a rate of \$17.25 per hour in calendar year 2031. On January 1, 2032, and on January 1 of each subsequent calendar year, the minimum wage would be increased by 1.5 percent from the preceding year. The current minimum wage is \$7.25 per hour.

The bill would also increase the minimum wage for occupations that receive tips and gratuities by \$1.00 annually over the next ten years beginning January 1, 2022, until reaching a rate of \$12.13 per hour in calendar year 2031. On January 1, 2032, and on January 1 of each subsequent calendar year, the minimum wage would be increased by 1.5 percent from the preceding year. The current minimum wage for occupations that receive tips and gratuities is \$2.13 per hour.

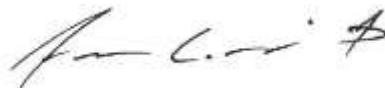
The Department of Revenue estimates the bill would have a negligible fiscal effect on State General Fund revenues. The Department indicates that any increases to income tax collections would be offset by decreased collections from the effects of employment and production costs.

It is estimated that the bill would increase state agency salaries and wages expenditures by \$762,238 from all funds in FY 2022. This amount includes \$669,000 estimated by the Board of Regents for state universities and \$93,238 estimated by the Department of Administration for all other Executive Branch agencies. The amount reflects half of the annualized amount for FY 2022 because the first minimum wage increase would begin on January 1, 2022. The Board of Regents

and the Department of Administration indicate the fiscal effect on State General Fund expenditures is unknown. The Division of the Budget estimates the fiscal effect on State General Fund expenditures would be approximately \$282,000, or 37.0 percent of the total all funds fiscal effect. To calculate this estimate, the Division used information from the table titled “Statewide Salaries & Wages” in the *FY 2022 Governor’s Budget Report*. The bill would affect approximately 3,100 employees in FY 2022, which includes about 3,000 university employees and 64 employees from all other Executive Branch agencies. According to the Office of Judicial Administration, HB 2018 would not have a fiscal effect on the Judiciary in FY 2022. The Judiciary would not experience an increase to salaries and wages until FY 2025. The Legislature estimates the bill would have a negligible fiscal effect in FY 2022.

The Board of Regents estimates salaries and wages expenditures would grow to \$25.5 million by FY 2031. For the Judiciary, the Office of Judicial Administration estimates costs would increase to \$1.2 million by FY 2031. The long-term costs for all other Executive Branch agencies and the Legislature are unknown. The bill would also have a fiscal effect on local governments, but the fiscal effect is unknown. Any fiscal effect associated with HB 2018 is not reflected in *The FY 2022 Governor’s Budget Report*.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Jeff Scannell, Department of Administration
Dawn Palmberg, Department of Labor
Kelly Oliver, Board of Regents
Debbie Thomas, Judiciary
Karen Clowers, Legislative Services