Scott Danigole February 05, 2019 471-0055

## LB 400

## Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 201	19-20	FY 20	20-21				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS		See Blow		See Below				
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS		See Below		See Below				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 400 changes provisions related to the Wage and Hour Act.

Section 1 (b) requires minimum wage rate for persons compensated by way of gratuities to be:

- 1. Two dollars and thirteen cents (\$2.13) per hour for wages paid prior to January 1, 2020;
- 2. Forty percent of the minimum wage rate in effect under 48-1203(1) for wages paid on or after January 1, 2020 and before January 1, 2021; and
- 3. Fifty percent of the minimum wage rate in effect under 48-1203(1) for wages paid on or after January 1, 2021.

The Department of Labor estimates no fiscal impact.

The Department of Revenue estimates a minimal increase in General Fund revenue.

These estimates appear to be reasonable.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB: 400	AM:	AGENCY/POLT. SUB: Nebraska Departm	ent of Labor				
REVIEWED BY:	Lee Will	DATE: 1/23/2019	PHONE: (402) 471-4175				
COMMENTS: Concur with the Department of Labor's assessment of fiscal impact.							

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB: 400	9						
REVIEWED BY:	Lee Will	DATE: 2/4/2019	PHONE: (402) 471-4175				
COMMENTS: Concur with the Department of Revenue's assessment of fiscal impact.							

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB <sup>(1)</sup> 400				<b>FISCAL NOTE</b>
State Agency OR P	olitical Subdivision Name: <sup>(2)</sup>	Nebraska Departn	nent of Labor	
Prepared by: <sup>(3)</sup>	Kim Schreiner	Date Prepared: <sup>(4)</sup>	1/18/2019 Phone:	(5) 402-471-2492
	ESTIMATE PROVI	DED BY STATE AGEN	ICY OR POLITICAL SUBDIV	ISION
	<u>FY :</u> EXPENDITURES	<u>2019-20</u> <u>REVENUE</u>	<u>FY 20</u> <u>EXPENDITURES</u>	<u>20-21</u> <u>REVENUE</u>
GENERAL FUNI	DS			
CASH FUNDS			<u> </u>	
FEDERAL FUND	S			
OTHER FUNDS				
TOTAL FUNDS			. <u> </u>	

Explanation of Estimate:

LB 400 would require the Nebraska Department of Labor to include minimum wage amounts in a summary of the Wage and Hour Act provided to employers. The Nebraska Department of Labor is already required to furnish a summary of the Act. Any costs associated with the changes may be absorbed into the Nebraska Department of Labor's current budget.

<u>BREAKI</u>	DOWN BY MA.	IOR OBJECTS O	<u>F EXPENDITURE</u>	
Personal Services:				
	NUMBER OF	<b>F POSITIONS</b>	2019-20	2020-21
POSITION TITLE	<u>19-20</u>	<u>20-21</u>	<b>EXPENDITURES</b>	<b>EXPENDITURES</b>
	·			
	·			
Benefits				
Operating				
Travel				
Capital outlay				
1 0				
Aid				
Capital improvements				
TOTAL				

## Fiscal Note 2019

State Agency Estimate								
State Agency Name: Department of RevenueDate Due LFA:2/6/19								
Approved by: Tony Fulton		Date Prepared:	2/4/19		Phone: 471-5896			
FY 2019-2020			FY 2020-2021		FY 2021-2022			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds		Minimal		Minimal		Minimal		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds		Minimal		Minimal		Minimal		

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LB 400 amends sections § 48-1205 and § 48-1203 of the Wage and Hour Act to change the minimum wage for persons compensated by gratuities. The minimum wage rate for persons compensated by gratuities will increase to \$3.60 after January 1, 2020 and before January 1, 2021; and this rate will increase to \$4.50 after January 1, 2021.

The bill also amends the posting requirements of the Wage and Hour Act by employers subject to the Act. The increase in wage for these individuals may increase their income tax liability; however, the Department estimates that the increase in income tax liability due to the increase in the minimum wage for persons compensated by gratuities will be minimal.

It is estimated that there will be no cost to the Department to implement this bill.

The operative date for this bill is three months after adjournment.

Major Objects of Expenditure									
Class Code	Classification Title	19-20 <u>FTE</u>	20-21 <u>FTE</u>	21-22 <u>FTE</u>	19-20 <u>Expenditures</u>	20-21 <u>Expenditures</u>	21-22 <u>Expenditures</u>		
Operating Costs	Operating Costs								
Travel									
Capital Outlay									
	Capital Improvements								
Total									