



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 290** HLS 24RS 226
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 11, 2024 3:34 PM	Author: MARCELLE
Dept./Agy.: Louisiana Workforce Commission	
Subject: State Minimum Wage	Analyst: Noah O'Dell

EMPLOYMENT/WAGES-MINIMUM OR INCREASE GF EX See Note Page 1 of 2
 Establishes a state minimum wage rate

Proposed law establishes a state minimum wage and sets it at \$10 per hour beginning on January 1, 2025 and \$12.00 per hour beginning on January 1, 2026. If the federal minimum wage is raised above the state minimum wage, the state minimum wage shall also be raised to that level. The bill does not apply to student employees of private employers, tipped employees, and agriculture employees. Proposed law provides that an employee may file a civil lawsuit in the proper venue, as specified, for damages against an employer for a violation. An employer in violation is liable for the difference in wages and the statutory minimum wage plus reasonable attorney fees and court costs associated if the lawsuit is filed within 3 years from the date that an employee becomes aware that the employer is in violation. Proposed law provides that Louisiana Workforce Commission (LWC) shall enforce the state minimum wage and is authorized and directed to promulgate rules and regulations.

Effective upon signature of the governor or lapse of time for gubernatorial action

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed law is anticipated to increase state expenditures by \$1.4 M in FY 25, \$2.3 M in FY 26, \$3.3 M in FY 27, \$3.3 M in FY 28, \$3.4 M in FY 29, and 12 positions in the Louisiana Workforce Commission (LWC). These costs can be attributed to the increased wages of persons employed by the State and the cost of LWC enforcing the minimum wage throughout the state, as specified in proposed law.

Total Estimated Impact (Wage Increase Impact + LWC Enforcement)

The following table summarizes the effect of the wage increase impact as reported by the Civil Service Department and the costs borne by the LWC per the enforcement requirement of the bill. Wage increases at each minimum wage tier will cumulatively increase state expenditures.

Minimum Wage	FY 25	FY 26	FY 27	FY 28	FY 29
\$10	\$ 188,145	\$ 376,290	\$ 376,290	\$ 376,290	\$ 376,290
\$12	-	\$ 980,420	\$ 1,960,840	\$ 1,960,840	\$ 1,960,840
Wage Impact	\$ 188,145	\$ 1,356,710	\$ 2,337,130	\$ 2,337,130	\$ 2,337,130
LWC Enforcement	\$ 1,218,724	\$ 969,289	\$ 988,224	\$ 1,007,539	\$ 1,027,240
Total Cost	\$ 1,406,869	\$ 2,325,999	\$ 3,325,354	\$ 3,344,669	\$ 3,364,370

The minimum wage tiers bring wages to \$10/hr and \$12/hr on January 1st in each respective fiscal year and assume When Actually Employed (WAEs) work 1,245 hours per year, which is the maximum for WAEs. Student employees of the state and universities are included in the estimates. The following table shows the classification of state employees who are impacted at each minimum wage tier.

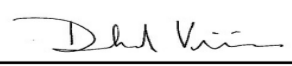
Affected State Employees	FY 25	FY 26	FY 27	FY 28	FY 29
Classified Employees	0	306	306	306	306
Unclassified Employees	256	540	540	540	540
WAEs	8	275	275	275	275
Total	264	1121	1121	1121	1121

CONTINUED ON PAGE 2

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate	<u>Dual Referral Rules</u>	House
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}



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CONTINUED EXPLANATION from page one:

Wage Increase Impact as reported by Civil Service Department

Salaries and wages of classified employees and WAE employees are paid with all means of financing (MOF). All MOF may be affected by the total cost increase resulting from this proposed law. This minimum wage analysis does not include costs associated with related benefits because these rates vary depending on the employee's retirement plan. Although not included in the analysis, related benefits are anticipated to increase by an indeterminable amount under this measure. Salary enhancements beyond minimum wage implementation are excluded from the wage impact analysis.

Louisiana Workforce Commission Enforcement Costs

Presently, the State is under the federal minimum wage enforced by the U.S. Department of Labor (US DOL), Wage and Hour Division through the Fair Labor Standards Act (FLSA). As such, the U.S. Wage and Hour Division handle the majority of wage and hour complaints. According to the LA Workforce Commission (LWC), if a state minimum wage law is enacted, they have a memorandum of understanding (MOU) with the US DOL to investigate and enforce wage and hour complaints.

According to LWC, if the department is tasked to provide the same or similar enforcement services as US DOL Wage and Hour Division, a new division within LWC will have to be created and staffed. LWC estimates that they would need to hire 10 investigators (\$74,171 salary and related benefits each), an attorney (\$134,608 salary and related benefits), and an administrative assistant (\$51,905 salary and related benefits) to investigate and enforce wage complaints. One-time implementation costs are anticipated for 12 laptops (\$1,500 each), 10 vehicles (\$25,000 each), travel (\$50/day for 200 days), and employee education material (\$12,500). The projected cost of the additional staff, office supplies, travel, and equipment is \$1,218,724 in FY 25. Travel expenses and the cost of employee education materials are continued in subsequent fiscal years, along with 2% salary growth. LWC currently enforces child labor laws using employees in a similar manner and created their estimate for costs of enforcement based on that division within the department.

Local Wage Impact Costs

The proposed law will increase local governmental expenditures by an indeterminable amount as a result of the newly created state minimum wage that is higher than the current federal minimum wage. To the extent any employees at the local level are paid below the new minimum wage, local governmental expenditures will increase by an amount that is equal to the difference between the employee's current wage and the minimum wage in proposed law.

Judicial and Local Courts

To the extent the proposed law increases the number of civil cases in district courts, an indeterminable increase in costs associated with district attorney prosecutions, judicial workload, time, and attendance (presence of judges, clerks, bailiffs, counsel, etc.) may result. It is speculative as to how many, if any, additional civil cases will occur as a result of this measure.

Public Assistance Programs

To the extent the minimum wage increase results in individuals' earnings exceeding the means-tested threshold for TANF cash assistance programs (FITAP and KCSP) and SNAP, there may be an indeterminable decrease in public assistance enrollment and expenditures. The number of individuals that would be impacted by the increase is unknown.

The Department of Children and Family Services (DCFS) administers SNAP. Approximately half of the cost of administering SNAP is funded with SGF. The rest of the administrative costs are funded through a federal match provided by Food and Nutrition Services (FNS). The possible decrease in SNAP enrollment and expenditures could generate a decrease in the costs associated with administering the program. DCFS reports the magnitude of this decrease is unknown, but is unlikely to be significant.

Senate Dual Referral Rules
[X] 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
[] 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
[X] 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
[] 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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