



**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**

Fiscal Note On: **SB 180** SLS 24RS 551  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> March 21, 2024 6:04 PM	<b>Author:</b> BARROW
<b>Dept./Agy.:</b> Louisiana Workforce Commission	
<b>Subject:</b> State Minimum Wage	<b>Analyst:</b> Noah O'Dell

EMPLOYMENT OR INCREASE GF EX See Note Page 1 of 2  
 Constitutional amendment to establish a state minimum wage. (2/3 - CA13s1(A))

Proposed constitutional amendment establishes a state minimum wage of \$10.25 per hour beginning January 1, 2025. Each September 30th, beginning in 2025, the state minimum wage rate for the following calendar year shall be increased by the rate of inflation for the prior 12 month period as measured by the change in the Consumer Price Index (CPI). Proposed constitutional amendment does not apply to employees under the age of 16, employees of businesses with annual gross receipts of \$300,000 or less for the preceding year (adjusted annually by the CPI), employees who are family members working in their family-owned businesses, and licensed employers of certain individuals with mental or physical disabilities. Tipped workers may be paid half the minimum wage if employer can demonstrate that tips will cover or exceed the minimum wage gap.

To be submitted to the electors at the statewide election to be held on November 5, 2024. Effective January 1, 2025

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

**EXPENDITURE EXPLANATION**

The proposed constitutional amendment is anticipated to increase state governmental expenditures by \$263,437 in FY 25 as a result of additional salary expenses for 516 employees due to the new minimum wage. The impact in subsequent years is indeterminable. The actual impact of the bill beyond FY 25 will depend on the relationship between the CPI for urban wage earners and clerical workers (commonly referred to as the CPI-W) and standard merit or other wage increases state employees may receive annually. According to the Bureau of Labor Statistics, the CPI-W has averaged 2.6% annual growth over the past 10 years.

The bill creates a state minimum wage of \$10.25 effective January 1, 2025. Each September, beginning in 2025, the state minimum wage shall be increased, effective the following January 1st, by the rate of inflation for the twelve-month period prior to that September according to the CPI-W or its successor index as calculated by the federal government, rounded to the nearest five cents.

**Wage Increase Impact**

According to the State Civil Service Department, as of 1/31/2024, there are no classified employees, 338 unclassified employees, and 178 When Actually Employed (WAE) employees anticipated to earn less than \$10.25 per hour on 1/1/2025. In order to comply with the first minimum wage tier of \$10.25, additional state expenditures of \$263,437 in FY 25, \$526,873 in FY 26, and \$526,873 each FY thereafter are anticipated. Salaries and wages of classified employees and WAE employees are paid with all means of financing (MOF). This analysis does not include costs associated with related benefits, which will further increase the impact of the bill.

**Enforcement of the Minimum Wage**

The bill does not specify the enforcement mechanism by which the minimum wage rate will be enforced on employers. Therefore, the anticipated costs associated with regulation by a state agency or impact upon the judicial system are indeterminable.

**State Issued Permits for Employers with Individuals with Mental and Physical Disabilities**

The bill allows for the possibility of the state to issue permits for employers to pay a wage below the minimum to certain individuals with mental and physical disabilities. Currently, the U.S. Dept. of Labor Wage and Hour Division issues certificates to employers for these particular purposes. The state agency charged with issuing these particular permits is unspecified in the bill. Further, the number of certificates to be issued is unknown.

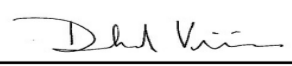
**Continued on page 2**

**REVENUE EXPLANATION**

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

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

House  
 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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**Deborah Vivien**  
**Chief Economist**



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**CONTINUED EXPLANATION from page one:**

**Local Wage Impact Costs**

The bill 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.

**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

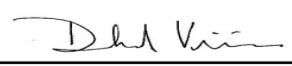
13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

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