



**Hundredth Legislature - First Session - 2007
Committee Statement
LB 31**

Hearing Date: March 5, 2007
Committee On: Business and Labor

Introducer(s): (Nantkes)
Title: Change minimum wage and training wage provisions

Roll Call Vote – Final Committee Action:

- Advanced to General File
 - X Advanced to General File with Amendments
 - Indefinitely Postponed
-

Vote Results:

| | | |
|---|---------------------|---|
| 6 | Yes | Senators Cornett, Lathrop, McGill, Rogert, Wallman, White |
| | No | |
| | Present, not voting | |
| 1 | Absent | Senator Chambers |

Proponents:

Senator Danielle Nantkes
Jennifer Hernandez
Ken Mass
Jim Cunningham

Representing:

Introducer
Nebraska Appleseed
Nebraska AFL-CIO
Nebraska Catholic Conference

Opponents:

Ron Sedlacek

Kathy Siefken
Bob Hallstrom
Jim Otto

Representing:

Nebraska Chamber of Commerce, Greater Omaha
Chamber of Commerce
Nebraska Grocery Association
National Federation of Independent Business
Nebraska Retail Federation, Nebraska Restaurant
Association

Neutral:

Representing:

Summary of purpose and/or changes: LB 31 raises the minimum wage for employees over the age of 17 from five dollars and fifteen cents to six dollars and twenty-six cents in gradual yearly increments by the year 2010. Starting in 2010 through 2013 the Commissioner of Labor is directed to adjust the minimum wage to reflect the changes in the Consumer Price Index. The Commissioner shall continue to adjust the minimum wage in this manner every three years thereafter.

For individuals 17 years or older in the service industry receiving gratuity, minimum wage will be fifty percent of the applicable minimum wage. Student learners seventeen years old or older would receive seventy-five percent of the applicable minimum wage.

Finally, any new employee who is not a seasonal or migrant worker and is between 17 and 20 years of age may receive a training wage. The training wage increases from \$4.25 per hour to \$5.15 per hour over the course of the next three years in the same manner proscribed for the minimum wage adjustments. Likewise the commissioner will be directed to adjust that amount to reflect the changes in the Consumer Price Index in the same manner as the minimum wage adjustments.

Section by Section Summary:

Section 1: amends §48-1203 to insert language making minimum wage rates only applicable to employees seventeen years old or older; strikes current minimum wage of \$4.25; inserts new minimum wage increments:

- \$5.15 from the operative date to September 30, 2007,
- \$5.52 from October 1, 2007 through September 30, 2008,
- \$5.89 from October 1, 2008 through September 30, 2009,
- \$6.26 from October 1, 2009 through September 30, 2010.

Every three years thereafter the Department of Labor shall adjust the minimum wage to reflect changes in the Consumer Price Index over the three year period.

Subsection 2 inserts new language to clarify the new minimum rate for service persons receiving gratuity will only apply to individuals age 17 or older; strikes the rate of “two dollars and thirteen cents per hour” and inserts “wage of fifty percent of the applicable minimum wage provided in subsection (1) of this section”.

Subsection 3 strikes “student learners” and inserts “student-learners who are seventeen years of age or older”.

Section 2: amends §48-1203.01 to change the qualifying age for a training wage from “younger than twenty years of age” to “between seventeen and twenty years of age”; strikes the existing training rate of \$4.25 and inserts the following incremental increases which mirror the minimum wage increases:

- \$4.25 per hour from the operative date to September 30, 2007,
- \$4.55 from October 1, 2007 through September 30, 2008,
- \$4.85 from October 1, 2008 through September 30, 2009,
- \$5.15 from October 1, 2009 through September 30, 2010.

The Department of Labor will increase that amount every three years to reflect the changes in the Consumer Price Index.

Subsection 3 inserts new language to ensure that employees under 17 years of age are not being hired to replace a current employee or reduce a higher paid employee's hours.

Section 3: Technical changes. Amends §48-1206 to confer subpoena power to the Commissioner for enforcement of the "Wage and Hour Act"; makes violations of §48-1203.01 a Class IV offense; employer violations of §48-1203.01 will make the employer liable to the affected employees for the amount of their unpaid minimum wage "or training wage".

Section 4: Repeals original sections: 48-1203, 48-1203.01 and 48-1206.

Explanation of amendments, if any:

The committee amendments would makes the following changes to the bill. The state minimum wage would become the federal minimum wage in place at the effective date of the bill or the minimum wage as set forth in the bill, whichever is greater. The committee amendment would also correct a technical error.

Senator Abbie Cornett, Chairperson