

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on General, Housing, and Military Affairs to which was  
3 referred Senate Bill No. 23 entitled “An act relating to increasing the minimum  
4 wage” respectfully reports that it has considered the same and recommends  
5 that the House propose to the Senate that the bill be amended by striking out all  
6 after the enacting clause and inserting in lieu thereof the following:

7 Sec. 1. 21 V.S.A. § 384 is amended to read:

8 § 384. EMPLOYMENT; WAGES

9 (a)(1) An employer shall not employ any employee at a rate of less than  
10 ~~\$9.15. Beginning on January 1, 2016, an employer shall not employ any~~  
11 ~~employee at a rate of less than \$9.60. Beginning on January 1, 2017, an~~  
12 ~~employer shall not employ any employee at a rate of less than \$10.00.~~  
13 ~~Beginning on January 1, 2018, an employer shall not employ any employee at~~  
14 ~~a rate of less than \$10.50, and beginning \$10.78. Beginning on January 1,~~  
15 ~~2019 2020, an employer shall not employ any employee at a rate of less~~  
16 ~~than \$11.50. Beginning on January 1, 2021, an employer shall not employ any~~  
17 ~~employee at a rate of less than \$12.25. Beginning on January 1, 2022, an~~  
18 ~~employer shall not employ any employee at a rate of less than \$13.10.~~  
19 ~~Beginning on January 1, 2023, an employer shall not employ any employee at~~  
20 ~~a rate of less than \$14.05. Beginning on January 1, 2024, an employer shall~~  
21 ~~not employ any employee at a rate of less than \$15.00, and on each subsequent~~

1 January 1, the minimum wage rate shall be increased by five percent or the  
2 percentage increase of the Consumer Price Index, CPI-U, U.S. city average,  
3 not seasonally adjusted, or successor index, as calculated by the U.S.  
4 Department of Labor or successor agency for the 12 months preceding the  
5 previous September 1, whichever is smaller, but in no event shall the minimum  
6 wage be decreased. The minimum wage shall be rounded off to the  
7 nearest \$0.01.

8 (2) An employer in the hotel, motel, tourist place, and restaurant  
9 industry shall not employ a service or tipped employee at a basic wage rate less  
10 than one-half the minimum wage. As used in this subsection, “a service or  
11 tipped employee” means an employee of a hotel, motel, tourist place, or  
12 restaurant who customarily and regularly receives more than \$120.00 per  
13 month in tips for direct and personal customer service.

14 (3) If the minimum wage rate established by the U.S. government is  
15 greater than the rate established for Vermont for any year, the minimum wage  
16 rate for that year shall be the rate established by the U.S. government.

17 \* \* \*

18 (e)(1) A tip shall be the sole property of the employee or employees to  
19 whom it was paid, given, or left. An employer that permits patrons to pay tips  
20 by credit card shall pay an employee the full amount of the tip that the

1 customer indicated, without any deductions for credit card processing fees or  
2 costs that may be charged to the employer by the credit card company.

3 (2) An employer shall not collect, deduct, or receive any portion of a tip  
4 left for an employee or credit any portion of a tip left for an employee against  
5 the wages due to the employee pursuant to subsection (a) of this section.

6 (3) This subsection shall not be construed to prohibit the pooling of tips  
7 among:

8 (A) service or tipped employees as defined pursuant to subsection (a)  
9 of this section; or

10 (B) service or tipped employees who are paid at least the federal  
11 minimum wage established pursuant to 29 U.S.C. § 206(a)(1) and non-  
12 supervisory employees who do not customarily and regularly receive more  
13 than \$120.00 per month in tips for direct and personal customer service.

14 Sec. 2. 21 V.S.A. § 383 is amended to read:

15 § 383. DEFINITIONS

16 ~~Terms used in this subchapter have the following meanings~~ As used in this  
17 subchapter, unless a different meaning is clearly apparent from the language or  
18 context:

19 (1) “Commissioner,” means the Commissioner of Labor or designee.

1 (2) “Employee,” means any individual employed or permitted to work  
2 by an employer except:

3 \* \* \*

4 (G) ~~taxi-cab~~ taxicab drivers;

5 (H) outside salespersons; and

6 (I) secondary school students under 18 years of age working during  
7 all or any part of the school year or regular vacation periods. As used in this  
8 subdivision (2)(I), “regular vacation periods” does not include the period  
9 between two successive academic years.

10 (3) “Occupation,” means an industry, trade, ~~or~~ business or branch  
11 thereof, or a class of work in which workers are gainfully employed.

12 (4) “Tip” means a sum of money gratuitously and voluntarily left by a  
13 customer for service, or indicated on a bill or charge statement, to be paid to a  
14 service or tipped employee for directly and personally serving the customer in  
15 a hotel, motel, tourist place, or restaurant. An employer-mandated service  
16 charge shall not be considered a tip.

17 Sec. 3. CHILD CARE FINANCIAL ASSISTANCE PROGRAM

18 (a) It is the intent of the General Assembly that investments and initiatives  
19 set forth in this section and Sec. 4 of this act are meant to complement the

1 anticipated redesign of the Child Care Financial Assistance Program, which  
2 shall be monitored by the General Assembly.

3 (b) In fiscal year 2020, of the funds appropriated from the General Fund to  
4 the Department for Children and Families' Child Development Division,  
5 \$1,250,000.00 shall be used to restore the base for the Child Care Financial  
6 Assistance Program (CCFAP) and \$6,900,000.00 shall be used to adjust the  
7 sliding fee scale and reimbursement rates in CCFAP as follows:

8 (1) adjust the sliding fee scale of CCFAP to ensure that families whose  
9 gross income is up to 100 percent of the current federal poverty guidelines  
10 receive 100 percent of the available benefit and that families whose gross  
11 income is between 100 and 300 percent of the current federal poverty  
12 guidelines receive between 99 and 10 percent of the available financial  
13 assistance benefit, scaling between set eligibility levels as follows:

14 (A) 95 percent of the available financial assistance benefit for  
15 families at 125 percent of the current federal poverty guidelines;

16 (B) 75 percent of the available financial assistance benefit for  
17 families at 150 percent of the current federal poverty guidelines;

18 (C) 50 percent of the available financial assistance benefit for  
19 families at 200 percent of the current federal poverty guidelines; and

20 (D) 10 percent of the available financial assistance benefit for  
21 families at 300 percent of the current federal poverty guidelines; and

1           (2) align rates of reimbursement for preschool and school age children  
2           participating in CCFAP in fiscal year 2020 with the market rates reported on  
3           the 2015 Vermont Market Rate Survey and maintain rates of reimbursement  
4           for infants and toddlers participating in CCFAP in fiscal year 2020 with the  
5           market rates reported on the 2017 Vermont Market Rate Survey.

6           Sec. 4. 33 V.S.A. § 3512(a)(4) is added to read:

7           (4) Beginning on January 1, 2025 and each subsequent year the  
8           minimum wage is increased thereafter, the Commissioner for Children and  
9           Families shall amend the Department for Children and Families' Child Care  
10           Financial Assistance Program to:

11           (A) adjust the sliding fee scale to correspond with each minimum  
12           wage increase required pursuant to 21 V.S.A. § 384(a)(1) in order to ensure  
13           that the benefit percentage at each new minimum wage level is not lower than  
14           the percentage applied under the former minimum wage; and

15           (B) adjust the rate of reimbursement paid to providers on behalf of  
16           families participating in the Child Care Financial Assistance Program in a  
17           manner that offsets the estimated increased cost of child care in Vermont  
18           resulting from an increase in the minimum wage required pursuant to  
19           21 V.S.A. § 384(a)(1).

20           Sec. 5. INCREASES FOR EMPLOYEES OF CERTAIN MEDICAID-  
21           PARTICIPATING PROVIDERS; APPROPRIATION

1       (a) In order to increase Medicaid reimbursement rates to home health  
2       agencies, nursing homes, residential care homes, assisted living residences, and  
3       adult day agencies by \$3,305,646.00 in fiscal year 2020 to facilitate the  
4       payment of wages to their employees who are providing health care services  
5       pursuant to the State Medicaid Program that are equal to at least the minimum  
6       wage set forth in 21 V.S.A. § 384 and to mitigate wage compression for  
7       employees of those service providers who are in occupations with a starting  
8       wage rate within \$1.00 of the minimum wage:

9           (1) \$874,894.00 is appropriated in fiscal year 2020 from the General  
10       Fund to the Department of Vermont Health Access;

11           (2) \$1,021,691.00 is appropriated in fiscal year 2020 from federal funds  
12       to the Department of Vermont Health Access; and

13           (3) the Secretary of Human Services shall redirect to the Medicaid  
14       programs identified in this subsection an estimated \$650,000.00 of State funds  
15       and any related federal matching funds from savings experienced by programs  
16       within the Agency of Human Services as a result of the increase in the  
17       minimum wage on January 1, 2020.

18       (b) On or before November 15, 2019, the Department of Vermont Health  
19       Access shall submit a written report to the Joint Fiscal Committee regarding  
20       the adequacy of the funds appropriated pursuant to subsection (a) of this

1 section, and any additional appropriation that may be necessary during fiscal  
2 year 2020.

3 Sec. 6. INCREASES FOR EMPLOYEES OF CERTAIN MEDICAID-  
4 PARTICIPATING PROVIDERS; PROJECTIONS; REPORT

5 On or before December 1, 2019, the Secretary of Human Services, in  
6 consultation with the Joint Fiscal Office and relevant service providers, shall  
7 submit a written report to the House Committees on Appropriations, on  
8 General, Housing, and Military Affairs, on Health Care, and on Human  
9 Services and the Senate Committees on Appropriations, on Economic  
10 Development, Housing and General Affairs, and on Health and Welfare  
11 regarding the projected costs for fiscal years 2021, 2022, 2023, and 2024 of  
12 increasing Medicaid reimbursement rates to all Medicaid participating  
13 providers, including designated agencies, specialized service agencies, home  
14 health agencies, nursing homes, residential care homes, assisted living  
15 residences, and adult day agencies, by an amount necessary to facilitate the  
16 payment of wages to their employees who are providing services pursuant to  
17 the State Medicaid Program that are equal to at least the minimum wage set  
18 forth in 21 V.S.A. § 384 and to mitigate wage compression for employees  
19 providing services pursuant to the State Medicaid Program who are in  
20 occupations with a starting wage rate within \$1.00 of the minimum wage.



1       Sec. 7. MINIMUM WAGE; ADJUSTMENT FOR INFLATION; REPORT

2           On or before January 15, 2023, the Office of Legislative Council and the  
3           Joint Fiscal Office shall submit a written report to the House Committee on  
4           General, Housing, and Military Affairs and the Senate Committee on  
5           Economic Development, Housing and General Affairs regarding potential  
6           mechanisms for indexing the minimum wage established pursuant to 21 V.S.A.  
7           § 384 to inflation after 2024. In particular, the report shall:

8           (1) identify and examine mechanisms that other jurisdictions use to  
9           index their minimum wages to inflation and the potential benefits and  
10          disadvantages of each mechanism; and

11          (2) identify and examine any alternative mechanisms to index the  
12          minimum wage to inflation, including alternative measures of inflation, and the  
13          potential benefits and disadvantages of each mechanism.

14       Sec. 8. TIPPED AND STUDENT MINIMUM WAGE STUDY

15                COMMITTEE; REPORT

16          (a) Creation. There is created the tipped and student minimum wage study  
17          committee to examine the effects of altering or eliminating the basic wage rate  
18          for tipped employees in Vermont and of eliminating the subminimum wage for  
19          secondary school students during the school year.

1        (b) Membership. The Committee shall be composed of the following  
2        members:

3                (1) one member of the House appointed by the Speaker of the House;

4                (2) one member of the Senate appointed by the Committee on

5        Committees;

6                (3) the Commissioner of Labor or designee;

7                (4) the Commissioner for Children and Families or designee;

8                (5) one member representing employers in the food service or

9        hospitality industry, appointed by the Speaker of the House; and

10               (6) one member representing tipped workers in the food service or

11        hospitality industry, appointed by the Committee on Committees.

12        (c) Powers and duties. The Committee shall study the effects of altering or

13        eliminating the basic wage rate for tipped employees and of eliminating the

14        subminimum wage for secondary school students during the school year,

15        including the following issues:

16               (1) the impact in states that have eliminated their tipped wage on:

17                        (A) jobs, prices, and the state economy; and

18                        (B) the welfare of tipped workers, women, and working families with

19        children;

20               (2) the impact in states that have increased their tipped wage during the

21        last 10 years on:

1           (A) jobs, prices, and the state economy; and

2           (B) the welfare of tipped workers, women, and working families with  
3 children;

4           (3) the impact in states that have decoupled their tipped wage from the  
5 standard minimum wage during the last 10 years on:

6           (A) jobs, prices, and the state economy; and

7           (B) the welfare of tipped workers, women, and working families with  
8 children;

9           (4) the projected impact in Vermont of altering or eliminating the basic  
10 wage rate for tipped employees on:

11           (A) jobs, prices, and the State economy; and

12           (B) the welfare of tipped workers, women, and working families with  
13 children; and

14           (5) the projected impact in Vermont of eliminating the subminimum  
15 wage for secondary school students on jobs, prices, the State economy, and the  
16 welfare of individuals under 22 years of age.

17           (d) Assistance. The Committee shall have the administrative, technical,  
18 and legal assistance of the Office of Legislative Council and the Joint Fiscal  
19 Office.

20           (e) Report. On or before December 15, 2019, the Committee shall submit a  
21 written report to the House Committee on General, Housing, and Military

1 Affairs and the Senate Committee on Economic Development, Housing and  
2 General Affairs with its findings and recommendations, if any, for legislative  
3 action related to Vermont's basic wage for tipped employees and subminimum  
4 wage for secondary school students.

5 (f) Meetings.

6 (1) The Commissioner of Labor shall call the first meeting of the  
7 Committee to occur on or before September 15, 2019.

8 (2) The Committee shall select a chair from among its members at the  
9 first meeting.

10 (3) A majority of the membership shall constitute a quorum.

11 (4) The Committee shall cease to exist on January 30, 2020.

12 (g) Compensation and reimbursement.

13 (1) For attendance at meetings during adjournment of the General  
14 Assembly, a legislative member of the Committee serving in his or her  
15 capacity as a legislator shall be entitled to per diem compensation and  
16 reimbursement of expenses pursuant to 2 V.S.A. § 406 for not more than  
17 six meetings. These payments shall be made from monies appropriated to the  
18 General Assembly.

19 (2) Members of the Committee who are not employees of the State of  
20 Vermont and who are not otherwise compensated or reimbursed for their  
21 attendance shall be entitled to per diem compensation and reimbursement

1 of expenses as permitted under 32 V.S.A. § 1010 for not more than  
2 six meetings. These payments shall be made from monies appropriated to the  
3 General Assembly.

4 Sec. 9. MINIMUM WAGE FOR AGRICULTURAL WORKERS;

5 WORKING GROUP; REPORT

6 (a) Creation. There is created the Agricultural Minimum Wage Working  
7 Group to examine the wage and hour laws for agricultural workers.

8 (b) Membership. The Working Group shall be composed of the following  
9 members:

10 (1) one member of the House appointed by the Speaker of the House;

11 (2) one member of the Senate appointed by the Committee on

12 Committees;

13 (3) The Secretary of Agriculture or designee; and

14 (4) The Commissioner of Labor or designee.

15 (c) Powers and duties. The Working Group shall study the wage and hour  
16 laws for agricultural workers, including the following issues:

17 (1) the overlapping legal requirements of the federal Fair Labor  
18 Standards Act and Vermont's wage and hour laws with respect to agricultural  
19 employees and employers;

20 (2) particular issues and challenges related to federal and State wage and  
21 hour laws that Vermont's agricultural employees and employers face; and

1           (3) how other states have addressed similar issues and challenges in  
2           their wage and hour laws.

3           (d) Assistance. The Working Group shall have the administrative,  
4           technical, and legal assistance of the Office of Legislative Council.

5           (e) Report. On or before December 15, 2019, the Working Group shall  
6           submit a written report to the House Committees on Agriculture and on  
7           General, Housing, and Military Affairs and the Senate Committees on  
8           Agriculture and on Economic Development, Housing and General Affairs with  
9           its findings and any recommendations for legislative action.

10          (f) Meetings.

11           (1) The member from the House shall call the first meeting of the  
12           Working Group to occur on or before September 15, 2019.

13           (2) The Committee shall select a chair from among its members at the  
14           first meeting.

15           (3) A majority of the membership shall constitute a quorum.

16           (4) The Working Group shall cease to exist on January 30, 2020.

17           (g) Compensation and reimbursement. For attendance at meetings during  
18           adjournment of the General Assembly, a legislative member of the Working  
19           Group serving in his or her capacity as a legislator shall be entitled to per diem  
20           compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for

1 not more than four meetings. These payments shall be made from monies  
2 appropriated to the General Assembly.

3 Sec. 10. LEGISLATIVE COUNCIL; DRAFT LEGISLATION

4 On or before January 15, 2020, the Office of Legislative Council shall  
5 prepare and submit a draft bill to the House Committee on General, Housing,  
6 and Military Affairs and the Senate Committee on Economic Development,  
7 Housing and General Affairs that makes statutory amendments of a technical  
8 nature to modernize the statutory language of 21 V.S.A. chapter 5,  
9 subchapter 3. The draft bill shall also identify provisions of 21 V.S.A.  
10 chapter 5, subchapter 3 that may require amendment in order to eliminate out-  
11 of-date and obsolete provisions. The Office of Legislative Council shall  
12 consult with the Commissioner of Labor to identify language requiring  
13 modernization and provisions that are out-of-date or obsolete.

14 Sec. 11. EFFECTIVE DATES

15 (a) In Sec. 2, 21 V.S.A. § 383, the amendments to subdivisions (2)(G)  
16 and (I) shall take effect on January 1, 2020. The remaining provisions of  
17 Sec. 2 shall take effect on July 1, 2019.

18 (b) The remaining sections of this act shall take effect on July 1, 2019.

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(Committee vote: \_\_\_\_\_)

\_\_\_\_\_

Representative \_\_\_\_\_

FOR THE COMMITTEE