

Department of Planning and Budget 2022 Fiscal Impact Statement

1. **Bill Number:** HB296

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input checked="" type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. **Patron:** McNamara

3. **Committee:** Commerce and Labor

4. **Title:** Minimum wage

5. **Summary:** Allows employers to include the cost of providing health care benefits when calculating compliance with minimum wage laws, provided the employee is paid a cash wage of at least \$11.00 per hour or the federal minimum wage, whichever is greater.

6. **Budget Amendment Necessary:** See Item 8.

7. **Fiscal Impact Estimates:** Indeterminate. See Item 8.

8. **Fiscal Implications:** This fiscal impact statement is preliminary.

Central Appropriations

Funding is included under Item 483, paragraph R of HB/SB30 as Introduced, for the estimated impact to state agencies of moving from \$11.00 per hour to \$12.00 per hour, effective January 1, 2023. The appropriated amounts in HB30/SB30 are \$4.2 million in FY 2023 and \$8.5 million in FY 2024 to cover the general fund share of costs associated with this increase. These estimates include any wage employees currently making less than \$12.00 per hour or any salaried employee making less than the annual equivalent salary of \$24,960. The estimate covers the impact of all Executive Branch agencies, including institutions of higher education. It does not include the impact of all state supported local employees, nor does it include providers reimbursed by the Department of Medical Assistance Services.

This bill would result in reduced expenditures and cost savings of an indeterminate amount for state employee costs. For some employees, the combination of existing wages and healthcare benefits would exceed the minimum wage as currently scheduled, assuming reenactment of the provisions in Section 40.1-28.10, Code of Virginia, moving the minimum wage to \$13.50 on January 1, 2025, and \$15.00 on January 1, 2026. Employees who do not receive health benefits would receive increased pay in compliance with the new minimum. Adequate data are not available to determine the share of employees who would both receive a raise when the minimum wage increase becomes effective and not receive health benefits.

Department of Labor and Industry

Impact estimates from the Department of Labor and Industry are not yet available.

Department of Taxation

Impact estimates are not available.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Labor and Industry, all agencies and localities

- 10. Technical Amendment Necessary:** No

- 11. Other Comments:** None