

## **INITIATIVE FINANCIAL INFORMATION STATEMENT**

### **Florida Minimum Wage Amendment**

#### **SUMMARY OF INITIATIVE FINANCIAL INFORMATION STATEMENT**

Florida has no minimum wage law. Employers in the state are covered by the Fair Labor Standards Act, a federal law that establishes a minimum wage of \$5.15 for most employers and employees. Certain employees are exempt from the minimum wage requirement, and these include farm workers employed on small farms, employees of certain seasonal amusement or recreational establishments, and casual babysitters and persons employed as companions, among others. The federal minimum wage for tipped employees is \$2.13 per hour, if the employee receives at least \$5.15 when the direct wages and the employee's tips are combined. The proposed amendment creates a Florida minimum wage of \$6.15 per hour. This analysis assumes that the amendment applies to all employees covered by the federal minimum wage. Each year the minimum wage will be adjusted for inflation.

Based on the information provided through public workshops and staff research, the Financial Impact Estimating Conference expects that the proposed amendment will have the following financial effects:

- State and local government costs will increase, as wages paid by state and local governments to employees currently earning less than \$6.15 per hour are increased to that amount. In addition, wages paid to employees earning at or slightly above \$6.15 are likely to increase, as the impact of the higher minimum wage ripples upward on prevailing wage rates. Compared to the total employee compensation paid by state and local governments, the impact of this amendment is very small, approximately three-hundredths of one percent (0.03%).
- The impact of this amendment on state and local government revenues is also expected to be small. The costs of goods and services sold in Florida may rise as wages paid by private-sector employers to low-wage employees increase. Consequently, state sales tax revenues may increase slightly. However, if businesses react to the higher minimum wage by hiring fewer workers, the increased tax revenue may not materialize.