

34:11-56a4

LEGISLATIVE HISTORY CHECKLIST
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NJSA: 34:11-56 a4

(Minimum wage--
increase to \$5.05
by 1992)

LAWS OF: 1990

CHAPTER: 18

Bill No: A13

Sponsor(s): Bush

Date Introduced: Pre-filed

Committee: Assembly: Labor

Senate: -----

Amended during passage: Yes Amendments during passage
denoted by asterisks.

Date of Passage: Assembly: April 2, 1990

Senate: April 30, 1990

Date of Approval: May 3, 1990

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: Yes

Senate: No

Fiscal Note: No

Veto Message: No

Message on signing: No

Following were printed:

Reports: Yes

Hearings: No

(over)

974.90
L123
1986

New Jersey. Legislature. Assembly. Labor Committee
Public meeting on A.2406, A.2480,
increasing the minimum wage, held 12-4-86.
Trenton, 1986.

KBG/SLJ

[THIRD REPRINT]
ASSEMBLY, No. 13

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1990 SESSION

By Assemblywoman BUSH, Assemblymen PATERO and Cimino

1 AN ACT concerning the minimum wage and amending and
2 supplementing P.L.1966, c.113.

3

4 BE IT ENACTED *by the Senate and General Assembly of the*
5 *State of New Jersey:*

6 1. Section 5 of P.L.1966, c.113 (C.34:11-56a4) is amended to
7 read as follows:

8 5. Every employer shall pay to each of his employees wages at
9 a rate of not less than ~~[\$3.35]~~²~~[\$3.85]~~ \$3.80² per hour as of [the
10 effective date of this amendatory and supplementary act]
11 ¹[January 1, 1989] ³[April 1, 1990]¹ the effective date of P.L. ,
12 c. (now pending in the Legislature as this bill)³, \$4.25 per
13 hour as of ¹[January 1, 1990, \$4.65 per hour as of January 1,
14 1991] April 1, 1991¹ and \$5.05 ³per hour³ as of ¹[January 1, 1992]
15 April 1, 1992¹ for 40 hours of working time in any week and 1½
16 times such employee's regular hourly wage for each hour of
17 working time in excess of 40 hours in any week, except this
18 overtime rate shall not include any individual employed in a bona
19 fide executive, administrative, or professional capacity or, if an
20 applicable wage order has been issued by the commissioner under
21 section 17 (C.34:11-56a16) of this act, not less than the wages
22 prescribed in said order. The wage rates fixed in this section
23 shall not be applicable to part-time employees primarily engaged
24 in the care and tending of children in the home of the employer,
25 to persons under the age of 18 not possessing a special vocational
26 school graduate permit issued pursuant to section 15 of P.L.1940,
27 c.153 (C.34:2-21.15), or to persons employed as salesmen of
28 motor vehicles, or to persons employed as outside salesmen as
29 such terms shall be defined and delimited in regulations adopted
30 by the commissioner, or to persons employed in a volunteer
31 capacity and receiving only incidental benefits at a county or
32 other agricultural fair by a nonprofit or religious corporation or a
33 nonprofit or religious association which conducts or participates
34 in that fair.

35 The provisions of this section for the payment to an employee
36 of not less than 1 1/2 times such employee's regular hourly rate
37 for each hour of working time in excess of 40 hours in any week
38 shall not apply to employees engaged to labor on a farm or

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly ALA committee amendments adopted March 15, 1990.

² Assembly floor amendments adopted March 22, 1990.

³ Senate floor amendments adopted April 5, 1990.

1 employed in a hotel or to an employee of a common carrier of
2 passengers by motor bus or employees engaged in labor relative
3 to the raising or care of livestock.

4 Employees engaged on a piece-rate or regular hourly rate basis
5 to labor on a farm shall be paid for each day worked not less than
6 the minimum hourly wage rate multiplied by the total number of
7 hours worked.

8 Full-time students may be employed by the college or
9 university at which they are enrolled at not less than 85% of the
10 effective minimum wage rate.

11 (cf: P.L.1985, c.132, s.1)

12 2. (New section) The provisions of this act shall be applicable
13 to wages covered by wage orders issued pursuant to section 17 of
14 P.L.1966, c.113 (C.34:11-56a16).

15 3. This act shall take effect ³[on] ³ ¹[January 1, 1989] ³[April
16 1, 1990¹] immediately³.

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LABOR

Increases minimum wage incrementally to \$5.05 by April 1, 1992.

1 Employees engaged on a piece-rate or regular hourly rate basis
2 to labor on a farm shall be paid for each day worked not less than
3 the minimum hourly wage rate multiplied by the total number of
4 hours worked.

5 Full-time students may be employed by the college or
6 university at which they are enrolled at not less than 85% of the
7 effective minimum wage rate.

8 (cf: P.L.1985, c.132, s.1)

9 2. (New section) The provisions of this act shall be applicable
10 to wages covered by wage orders issued pursuant to section 17 of
11 P.L.1966, c.113 (C.34:11-56a16).

12 3. This act shall take effect on January 1, 1989.
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15 STATEMENT
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17 This bill increases incrementally the State's minimum wage
18 rate from the current minimum of \$3.35 per hour to \$3.85 in
19 1989, \$4.25 in 1990, \$4.65 in 1991 and \$5.05 in 1992 and
20 thereafter.
21

22
23 LABOR
24

25 Increases minimum wage incrementally to \$5.05 by January 1,
26 1992.

ASSEMBLY LABOR COMMITTEE

STATEMENT TO

ASSEMBLY, No. 13

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 15, 1990

The Assembly Labor Committee reports favorably Assembly Bill No. 13 with committee amendments.

As amended, this bill increases incrementally the State's minimum wage rate from the current minimum of \$3.35 per hour to \$3.85 on April 1, 1990, \$4.25 on April 1, 1991, and \$5.05 on April 1, 1992.

An increase in the minimum wage is needed because the value of present minimum wage has been severely eroded by inflation since it was last increased in 1981. The present minimum wage of \$3.35 permits a full-time worker to earn less than \$7,000 per year, well below the official federal poverty level for a household of two. By permitting such low wages, the State sends an unfortunate message regarding the importance of the work ethic. The increase to \$5.05 in 1992 will do nothing more than to raise the value of the minimum wage closer to the inflation-adjusted value it had in 1981.

Given the higher-than-average cost of living in our region, it is reasonable for New Jersey's minimum wage to be higher than the federal standard. At present, 16 states have minimum wage rates above the federal rate, including five with rates of \$4.25 per hour. 12 of those states are located in regions with unusually high costs of living, the Northeast and Pacific regions. The unemployment rates in most of those states are lower than the national average.

The committee finds that there is little historical evidence that increases in the minimum wage have increased unemployment. The value of the national minimum wage, even when adjusted for inflation, was increased repeatedly throughout the 1950s and 1960s, the two decades with the lowest national unemployment rates of any of the decades on record. In sharp contrast, the inflation-adjusted minimum wage dropped dramatically during the 1980's, but that decade had the highest national unemployment rate of any decade since the 1930s. Raising the earning level of the most poorly paid has proven to be an effective way to stimulate consumer demand, economic growth and employment.

The bill will not significantly reduce the competitiveness of New Jersey firms in the regional economy. Almost all workers working at or near the minimum wage are employed by businesses that do little if any business outside of their immediate area, such as service or retail businesses which depend of local markets. No mass exodus of Pennsylvania firms to New Jersey occurred in 1989 when

Pennsylvania imposed a minimum wage 35¢ per hour higher than New Jersey's.

The increased minimum wage offers an important incentive to business to make more efficient use of all workers and thus make New Jersey more productive and competitive in the long run. With the labor shortage the State has faced in recent years, it does not make sense have a policy which encourages the allocation of scarce labor resources into low-paying, low-productivity jobs.

The committee rejected proposed amendments to the bill providing a training sub-minimum wage for teenagers during their first six months of employment, because no occupation paying at or near the minimum wage requires such a lengthy period of training. No other state presently has a subminimum training wage for teenagers.

Unamended, the bill provided that the increases would occur on earlier dates.

This bill was pre-filed for introduction in the 1990 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

MINORITY STATEMENT

Submitted by Assemblymen Littell and Martin

The New Jersey minimum wage should be increased. However, the State increase should parallel the recently enacted federal minimum wage increase, not \$5.05 as is contained in the bill released by the committee. Our State minimum wage should be increased to \$3.80 per hour on April 1, 1990, and \$4.25 per hour on April 1, 1991. It should also contain a subminimum training wage for teenagers as is provided in the federal law.

A majority of the committee rejected amendments to A-13 to reflect the new federal minimum wage standard. We offered those amendments because we believe that a New Jersey minimum wage in excess of the federal minimum wage will result in a loss of jobs in some New Jersey industries, particularly the agricultural and tourist dependent industries.

We are also concerned with the impact of the \$5.05 per hour level on the creation of new jobs for New Jersey residents. This proposal may convince existing New Jersey businesses that our State is not a good place to expand and it may send a signal to out-of-State businesses that New Jersey is not a good place to locate. At a time when the New Jersey economy is cooling down, New Jersey policy should be to foster the growth of new jobs, not signal business and industry to take those jobs elsewhere.