

34: 11-56a4, 34: 11-56a4.5

LEGISLATIVE HISTORY CHECKLIST

HJSA 34:11-56a4, 34:11-56a4.5 (Increases State minimum wage)

LAWS OF 1979 CHAPTER 32

Bill No. S277

Sponsor(s) Merlino

Date Introduced Pre-filed

Committee: Assembly Labor

Senate Labor, Industry & Professions

Amended during passage Yes Amendments during passage denoted by asterisks

Date of Passage: Assembly October 19, 1978 Re-enacted Feb. 22, 1979

Senate June 5, 1978 Re-enacted Feb. 26, 1979

Date of approval February 27, 1979

Following statements are attached if available:

Sponsor statement Yes

Committee Statement: Assembly Yes

Senate Yes

Fiscal Note No

Veto message Yes

Message on signing No

Following were printed:

Reports No

Hearings No

Congressional hearings cited in sponsor's statement:

Y4.Ed 8/1: U.S. Congress: House of Representatives.
L11/31/1977 Committee on Education and Labor.
Subcommittee on Labor Standards.
Hearings on H.R. 3744 (Fair Labor
Standards Amendments of 1977), held
med March 9, 16, and 24, 1977. Washington, D.C.

9/1/78

[FOURTH OFFICIAL COPY REPRINT]

SENATE, No. 277

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1978 SESSION

By Senator MERLINO

AN ACT to amend and supplement the "New Jersey State Wage and Hour Law," approved June 17, 1966 (P. L. 1966, c. 113).

1 BE IT ENACTED by the Senate and General Assembly of the State
2 of New Jersey:

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

3 5. Every employer shall pay to each of his employees wages at
4 a rate of not less than **[\$2.40]** **[\$2.75]** **[\$2.65]**
5 **[\$2.80]** **[\$2.70]** **\$2.90**
6 per hour as of **[the effective date of this amendatory**
7 **and supplementary act, and \$2.50 per hour as of]** *the effective*
8 *date of this amendatory and supplementary act* **[and**
9 **[\$2.90]** **\$3.05** per hour as of January 1, **[1977]** 1979,
10 **\$3.25** per hour as of January 1, 1980 and **\$3.50** per hour as of
11 **January 1, 1981,** **[\$3.00]** **\$3.00** per hour as of January 1,
11A 1979, and **\$3.20** per hour as of January 1, 1980 **]**
11B **[\$2.90]** **\$2.90** per hour as of January 1, 1979, **]** and **\$3.10**
11C **\$3.10** per hour as of January 1, 1980 **]** for 40 hours of working time in
12 any week and 1½ times such employee's regular hourly wage for
13 each hour of working time in excess of 40 hours in any
14 week, except this overtime rate shall not include any indi-
15 vidual employed in a bona fide executive, administrative, or
16 professional capacity or, if an applicable wage order has been
17 issued by the commissioner under section 17 (C. 34:11-56a16) of
18 this act, not less than the wages prescribed in said order. **[For the**
19 *year beginning January 1, 1980 and during each succeeding year,*
20 *every employer shall pay such wages at a rate of not less than*
21 **[60%]** **50%** of the average hourly earnings*, exclusive of over-
22 *time,* of production workers on manufacturing payrolls in the*

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

23 *United States for the 12-month period ending on September 30 in*
 24 *the preceding year. Not later than November 30 of each year, the*
 25 *commissioner shall publish in the New Jersey Register the average*
 26 *hourly earnings of such production workers during the 12-month*
 27 *period ending on the preceding September 30.】** The wage rates*
 28 *fixed in this section shall not be applicable to part-time employees*
 29 *primarily engaged in the care and tending of children in the home of*
 29A *the employer, to persons under the age of 18 not possessing a special*
 30 *vocational school graduate permit issued pursuant to section 15*
 30A *of P. L. 1940, c. 153 (C. 34:2-21.15) or to persons employed as*
 30B *salesmen of motor vehicles; or to persons employed as outside*
 30C *salesmen as such terms shall be defined and delimited in regulations*
 30D *adopted by the commissioner.*

31 The provisions of this section for the payment to an employee
 32 of not less than 1½ times such employee's regular hourly rate
 33 for each hour of working time in excess of 40 hours in any week
 34 shall not apply to employees engaged to labor on a farm, or em-
 35 ployed in a hotel or to an employee of a common carrier of pas-
 36 sengers by motor bus or employees engaged in labor relative to
 37 the raising or care of livestock.

38 Employees ****【engaged】**** *****【****paid****】*****
 38A *****engaged***** on a *piece-rate ****or regular hourly*
 39 *rate***** basis to labor on a farm shall be paid for each day worked
 40 not less than ***【the minimum hourly wage rate】*** *****【***\$2.65
 40A *per hour****】**** *****the minimum hourly wage rate***** multi-
 40B plied by the total number of hours worked.

41 **Full-time students *****【employed by a college or univer-*
 42 *sity】***** may be employed *****by the college or university at*
 43 *which they are enrolled***** at not less than 85% of the effective*
 44 *minimum wage rate.**

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

1 3. This act shall take effect *【January 1, 1979, except that on and
 2 after the date of enactment of this amendatory act, the commis-
 3 sioner shall take such administrative action as may be necessary
 4 to enable such amendments to be implemented on and after such
 5 date】* **【*immediately*】** **on the first day of the first month
 6 following enactment**.

27 (C. 34:2-21.15) or to persons employed as salesmen of motor
 28 vehicles; or to persons employed as outside salesmen as such
 29 terms shall be defined and delimited in regulations adopted by the
 30 commissioner.

31 The provisions of this section for the payment to an employee
 32 of not less than $1\frac{1}{2}$ times such employee's regular hourly rate
 33 for each hour of working time in excess of 40 hours in any week
 34 shall not apply to employees engaged to labor on a farm, or em-
 35 ployed in a hotel or to an employee of a common carrier of pas-
 36 sengers by motor bus or employees engaged in labor relative to
 37 the raising or care of livestock.

38 Employees engaged on a *piece-rate* basis to labor on a farm shall
 39 be paid for each day worked not less than the minimum hourly
 40 wage rate multiplied by the total number of hours worked.

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

1 3. This act shall take effect January 1, 1979, except that on and
 2 after the date of enactment of this amendatory act, the commis-
 3 sioner shall take such administrative action as may be necessary
 4 to enable such amendments to be implemented on and after such
 5 date.

STATEMENT

This bill provides that on January 1, 1979, the State's minimum wage rate will increase to \$2.75 per hour, \$0.10 per hour more than a proposed increase in the Federal minimum reportedly agreed to recently by President Carter and congressional leaders, a State-Federal differential that has become traditional in recent years. In addition, a new formula has been inserted into the law, similar to that now being considered in Washington, to provide for automatic annual increases in the minimum wage geared to increases in the rate of average hourly earnings of production workers in a previous 12-month period. Such a provision is designed to guard against the anticipated continual erosion of the wage rate by inflationary pressures. It would also eliminate the irregular pattern which has characterized the history of minimum wage adjustments and enable the business community to more accurately anticipate and adjust its wage costs.

Moreover, the minimum wage increases mandated in this legislation should contribute to the State's economic upturn by increasing the purchasing power of lower paid workers and their

S277 (1979)

ASSEMBLY LABOR COMMITTEE

STATEMENT TO

SENATE, No. 277

[SECOND OFFICIAL COPY REPRINT]

with Assembly committee amendments adopted June 22, 1978

STATE OF NEW JERSEY

DATED: JUNE 22, 1978

The Assembly Labor Committee to which this bill was referred to amend the "New Jersey State Wage and Hour Law" to increase the minimum wage rate under the law, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended be passed.

The last minimum wage increase took place in January of 1977. And while prices for coffee, other foods, gasoline and heating oil have gone up equally for everyone (5.3% overall increase in consumer prices over the year ending April, 1978) the percentage of the family budget spent on these necessities is much higher for low-wage earners. Therefore, the committee felt that an 8% rate increase is necessary to recover some of the purchasing power lost by these workers in the last 18 months. Some additional statistics lend weight to the need for raising the State minimum at this time:

1) Gross weekly earnings of factory production workers in the N.Y.-N.E.-New Jersey area increased 8.6% over the year ending April, 1978;

2) For all of 1977, New Jersey personal incomes were 10.9% above 1976 levels; and, perhaps more importantly,

3) According to the Bureau of Labor Statistics, it cost \$10,841 or about \$5.20 per hour over a 40-hour week to maintain a "lower-level" standard of living for an urban family of four in the United States.

Testimony before the committee by a large delegation of business, industry, farm and retail interests centered on New Jersey's "negative business image," the high cost of labor here relative to competing states, and the movement of industry out of the State. It was asserted repeatedly in testimony and in communications received by the committee that release of the bill in its Senate-passed form would widen the gap between labor costs here and in other competing states and would therefore seriously undermine the State's current efforts to attract (and retain) business investment and jobs in New Jersey.

While the committee is unable to find any real consensus in the results of past academic and governmental studies on the unemployment and inflation effects of raises in the minimum wage, it does find that the proposed levels of wage increases embodied in the subject bill could jeopardize the competitive position of many businesses in New Jersey. The committee therefore agreed to scale down the scheduled rate to \$2.70 per hour (which would effect virtually all workers covered by both the state and federal minimums until January 1, 1979) and leave future State increases to a later date to give it an opportunity to ascertain the purchasing power needs of low-wage earners on an evolving basis and to determine its effects on economic development in the interim. Moreover, it was felt that because of their somewhat unique market situation, which makes it more difficult for them to "pass on" higher labor costs, farmers covered by the minimum should have their wage rates pegged to the more "competitive" \$2.65 Federal rate. The committee, in reporting this legislation, has retained the amendment adopted by the Senate Labor, Industry and Professions Committee to permit payment of an 85% sub-minimum rate to full-time students employed by private colleges and universities. It is estimated that 7,000 to 10,000 jobs will be subject to the aforesaid rate.

Despite the reductions recommended to the wage rate proposed in the Senate-passed bill, New Jersey will still be one of a handful of jurisdictions in the nation with a minimum wage rate exceeding that mandated by Federal law.

Favoring the bill without the committee's amendments were the State AFL-CIO, the New Jersey Catholic Conference, and the Industrial Union Council of A.F.S.C.M.E.

SENATE LABOR, INDUSTRY AND
PROFESSIONS COMMITTEE

STATEMENT TO

SENATE, No. 277

with Senate committee amendments

STATE OF NEW JERSEY

DATED: MAY 15, 1978

As amended by the committee, Senate Bill No. 277 would establish a State minimum wage of \$2.65 for the remainder of 1978 and \$2.90 for 1979. Beginning January 1, 1980 the minimum wage would be set at 50% of the average hourly earnings of production workers on manufacturing payrolls in the United States, exclusive of overtime. The bill, also as amended, would permit college and universities to pay not less than 85% of the minimum rate to full-time students which they employ.

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

February 8, 1979

SENATE BILL NO. 277 (3RD OCR)

Pursuant to Article V, Section I, Paragraph 14(b) of the Constitution, I herewith return Senate Bill No. 277 (3rd OCR), with my objections, for reconsideration.

This bill would raise the New Jersey minimum wage from \$2.40 to \$2.70 as of the bill's effective date, \$2.90 as of January 1, 1979 and \$3.10 as of January 1, 1980. In addition, the bill would set a separate minimum wage for full-time students employed by a college or university. These students would be paid not less than 85% of the effective minimum wage.

This bill will set the New Jersey minimum wage at the same level as the Federal minimum wage for 1979 and 1980. I had hoped that the Legislature would set the State's minimum wage at a level 15¢ higher than the Federal minimum through 1981. The higher cost of living in this State more than justifies such an increase, which would have a minimal impact on the cost of doing business in New Jersey. The vast majority of the State's employers pay above the minimum wage. However, in order to protect those workers who are not covered by the Federal minimum wage, I have determined to approve this bill after certain technical problems are eliminated.

While I intend to approve the minimum wage established by this bill, it must be returned to the Legislature for the clarification of certain technical points. First, because the bill was not finally passed until after January 1, 1979, the bill should be amended to provide that the New Jersey minimum wage will be \$2.90, not \$2.70, on the bill's effective date.

Second, the word "engaged" should be substituted for the word "paid" when referring to farm workers who are hired on a piecework or hourly basis. This will ensure that the minimum wage will benefit all farm workers.

Third, the paragraph providing for a smaller minimum wage for full-time college or university students should be amended to clarify that this provision applies only to students who work for the college or university at which they are enrolled. This provision is necessary to allow colleges and universities to make greater use of available work/study funding.

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

Senate Bill No. 277 (3rd OCR)

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Accordingly, I herewith return Senate Bill No. 277 for reconsideration and with the recommendation that it be amended as follows:

Page 1, Section 1, Line 5: Omit "\$2.70" and insert "\$2.90".

Page 1, Section 1, Line 10B: Omit "\$2.90 per hour as of January 1, 1979,".

Page 2, Section 1, Line 38: Omit "paid", insert "engaged".

Page 2, Section 1, Line 41: Omit "employed by a college or university".

Page 2, Section 1, Line 42: After "employed" insert "by the college or university at which they are enrolled".

Respectfully,

/s/ Brendan Byrne

GOVERNOR

[seal]

Attest:

/s/ Robert E. Mulcahy, III

CHIEF OF STAFF, SECRETARY