

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON COMMERCE AND LABOR**

**Seventy-Third Session  
February 23, 2005**

The Committee on Commerce and Labor was called to order at 2:11 p.m., on Wednesday, February 23, 2005. Chairwoman Barbara Buckley presided in Room 4100 of the Legislative Building, Carson City, Nevada, and, via simultaneous videoconference, in Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Ms. Barbara Buckley, Chairwoman  
Mr. John Ocegüera, Vice Chairman  
Ms. Francis Allen  
Mr. Bernie Anderson  
Mr. Morse Arberry Jr.  
Mr. Marcus Conklin  
Mrs. Heidi S. Gansert  
Ms. Chris Giunchigliani  
Mr. Lynn Hettrick  
Ms. Kathy McClain  
Mr. David Parks  
Mr. Richard Perkins  
Mr. Bob Seale

**COMMITTEE MEMBERS ABSENT:**

Mr. Morse Arberry Jr. (excused)  
Mr. Rod Sherer (excused)

**GUEST LEGISLATORS PRESENT:**

Assemblywoman Debbie Smith, Assembly District No. 30, Washoe County  
Senator Maggie Carlton, Clark County Senatorial District No. 7  
Senator Steven Horsford, Clark County Senatorial District No. 4

Senator Dina Titus, Clark County Senatorial District No. 7

**STAFF MEMBERS PRESENT:**

Brenda J. Erdoes, Legislative Counsel  
Diane Thornton, Committee Policy Analyst  
Russell Guindon, Deputy Fiscal Analyst  
Keith Norberg, Deputy Fiscal Analyst  
Vanessa Brown, Committee Secretary

**OTHERS PRESENT:**

Danny Thompson, Executive Secretary-Treasurer, Nevada State AFL-CIO  
Dan Gardner, Commissioner, Oregon Bureau of Labor and Industries  
Natasha Malqueen, Constituent, Assembly District No. 30, Washoe  
County  
Myra Santiago, Constituent, Senate District No. 4, Clark County  
Charles Smith, Constituent, Senate District No. 4, Clark County  
Ryan Hernandez, Constituent, Assembly District No. 9, Clark County  
Susan Chandler, Ph.D., Associate Professor, School of Social Work,  
University of Nevada, Reno  
Earl Elijah, Member, Nevada Small Business Alliance  
Bob Fulkerson, State Director, Progressive Leadership Alliance in  
Nevada  
John Wagner, Burke Consortium of Carson City  
Gary Nelson, Vice President of Wild Island, Sparks, Nevada  
Ray Bacon, Executive Director, Nevada Manufacturers Association  
David Schumann, Independent American Party of Nevada  
Sam McMullen, Legislative Advocate, representing The Nevada  
Restaurant Association  
Jack Jeffrey, Legislative Advocate, representing Southern Nevada  
Building and Construction Trades Council  
David Kersh, Legislative Advocate, representing Carpenters and  
Contractors Cooperation Committee

**Chairwoman Buckley:**

[Meeting called to order and roll called]. I'll open the hearing on Assembly Bill 87 and I'll ask Assemblywoman Giunchigliani to come forward, as well as Senator Titus and Speaker Perkins.

**Assembly Bill 87: Establishes statutory minimum wage for employees in this State. (BDR 53-1110)**

**Assemblywoman Chris Giunchigliani, Assembly District No. 9, Clark County:**

Assembly Bill 87 deals with the issue of minimum wage and minimum wage is exactly that: a minimum which hasn't been changed by the federal government since 1997 when it went from \$4.75 to \$5.15. Nevada voters believe that it's time for our state to join 13 other states to establish a reasonable, modest increase in its wage.

Our voters felt strongly that working men and women should never be frozen out again by Congress or the state of Nevada. That's why the initiative petition also contains a CPI [Consumer Price Index]. Our working poor are living in poverty and this is unacceptable. In fact, because Congress's failure to act, our working men and women would earn more if they were on welfare.

There's a double-edged sword then because there is no incentive to work to get off of welfare. A.B. 87 simply puts into statute what the initiative petition said and what 545,490 voters said when they cast their "yes" votes. That is 68 percent of the voters. By comparison, President Bush received only 418,690 votes and John Kerry received only 397,190 votes. Our voters spoke loudly and clearly. I offer to you the opportunity to you not to waste time or money on this matter by waiting for it to go on the ballot again. Pass this law, put it in statute, and we can begin a year early to help our working men and women earn a better wage. Our constituents deserve the opportunity to earn a living wage and become self-sufficient. You cannot find housing, even in an apartment now, on a \$6 to \$7 wage. Health care is one of the largest costs a family has these days and the cost of uninsured workers continues to burden all tax payers because they use public hospitals and clinics, which drives up the cost for everyone. That's why the bill also recognizes the effort made by some employers to offer health insurance by offering them an exemption.

It is our position to provide immediate results for the issues that are important to Nevadans and I ask my fellow colleagues to join in a bipartisanship effort, not to wait, but to enact the obvious will of the people.

**Senator Dina Titus, Clark County Senatorial District No. 7:**

I'm pleased to join Ms. Giunchigliani and others on this bill as the prime sponsor in the Senate. Nevadans have always been known for their enterprising spirit and hard work. Their accomplishments are legendary from the Comstock Lode to the fabulous Las Vegas Strip. But, in recent years, some of those who give the most are slipping further and further behind, and this is not fair.

I'm referring to those 51,000 minimum-wage workers throughout Nevada. Currently, minimum-wage workers can work 40 hours a week every week and still earn less than \$11,000 a year. That's 28 percent below the poverty level

for a family of three and clearly not enough to meet basic needs. Can you imagine trying to live on less than \$11,000 a year? How could you possibly pay for rent, food, utilities, medicine, clothes, gas, and school supplies? That doesn't even count for visits to the hospital, repairs, and unexpected events. It certainly doesn't account for recreational activities.

[Senator Titus, continued.] The federal minimum wage has not been increased since 1997. Furthermore, the buying power of people earning minimum wage has dropped over 40 percent since 1968, so the dollars they earn are worth a whole lot less. At \$5.15, a minimum wage earner makes less money than he would on welfare; furthermore, on welfare they get other benefits such as food stamps, help with housing, and medical care. It really adds insult to injury. If we do indeed do want to encourage people to go to work, to be productive, to contribute to the community, we have to raise the minimum wage in Nevada and we have to do it now. It's fair, morally right, and what the people want us to do and it makes good economic sense. I urge you to pass this and not wait to go through the constitutional amendment process.

**Assemblyman Perkins:**

Today I'm here to challenge this Committee. When we opened our session, I challenged the Assembly to act swiftly on issues and to do what's best for Nevada now. I challenge the Assembly to pass this minimum-wage bill in our first 30 days. This is our first step at doing that. I challenge this Committee today to pass this minimum-wage bill to help us meet that goal. It truly is up to us; it's up to you and me and the rest of the Committee to make Nevada a better place to live and work. You've already heard from Senator Titus and Assemblywoman Giunchigliani that, at \$5.15 an hour, a minimum-wage earner in Nevada makes less money than they would make on welfare. Aren't we trying to move people off of welfare? Six out of ten minimum wage earners are women. Twenty-five percent are single mothers, many of whom work full time.

Raising the minimum wage benefits will benefit business by reducing turnover rates, and the cost of recruiting and training their workers, which would increase productivity and worker loyalty. All of this would stimulate the economy in our state.

We're talking about real people here and many of them are in our audience. The people of Nevada want a raise, so why should they wait for another year or 18 months to receive it. You've already heard the overwhelming support from the electorate. They have spoken and it's the right thing to do for Nevada.

I hope you accept my challenge and pass this bill today.

**Danny Thompson, Executive Secretary-Treasurer, Nevada State AFL-CIO:**

Almost five years ago, I sat down with a group of people who looked at this question in Nevada and the dilemma that many workers find themselves in, and that is trying to live off of the minimum wage. If work has no value for those people, why work? Some people have chosen not to. Based on the tax problem from last session, a lot of different social services were accessed by people who were working full time. From that initial discussion, five years ago, we put together a group of people and we got an initiative petition together and went out in the counties in Nevada and qualified it as a valid question. It passed overwhelmingly by a two to one margin in almost every county in the state of Nevada.

There are those who say, "These people need to get training or they need to do something." You can't have it both ways. Those statistics are one in four. There are 51,000 minimum-wage earners in Nevada. There are 101,000 workers in Nevada that make less than \$6.15 an hour. I spent more on dinner last night than these people would bring home in a week. One in four is a single mother. They have 25,000 children who are Nevada citizens in our schools who are accessing these programs that you all struggle with to pay for every day. We believe it is time to give those folks a raise and that's what the initiative petition did. Because it is a constitutional amendment it would have to appear on the ballot again in 2006. Because it qualified, it will appear again on the ballot in 2006, but you have an opportunity today to send a message to those people that "work does have value." That would be the passage of this bill.

I passed out a policy brief titled, "The Impact of a Minimum Wage Increase in Nevada" ([Exhibit B](#)), by the Ballot Initiative Strategy Center out of Washington, D.C., that outlines a lot of the different information for our petition. It is an opportunity for you all today to make a difference in over 101,000 people's lives and effect a good outcome for 25,000 children in this state. I would say, relieve a burden that you all have to grapple with, with the State budget, and pass this bill and give those folks an increase.

While a dollar may not seem a lot to you or I, if you're making \$5.15 an hour, it's a very significant increase and while their wages have been frozen since 1997, the price of gas has gone up, the price of housing in Las Vegas is literally unattainable. Apartments are being converted to condos and sold. It's rapidly getting to the point where these people will be homeless and working full time.

One other statistic that sticks involves senior citizens and teenagers. Seventy-nine percent of the people making minimum wage are 20 years or older. Seventy-nine percent are not teenagers and one in four is a single mother.

They're not all senior citizens. This is the right thing to do and it's an opportunity for you all today.

[Danny Thompson, continued.] We're very fortunate today to have Dan Gardner, the Commissioner of the Bureau of Labor and Industries from Oregon. Dan was a three-term House Member in the Oregon State Legislature. He was elected statewide in May 2002 as the Labor Commissioner in Oregon. He's here today to talk about Oregon's experience. Oregon has raised the minimum wage three times in the course of their minimum-wage law.

**Dan Gardner, Commissioner, Oregon Bureau of Labor and Industries:**

My experience with CPI increases to the minimum wage extends through the legislative and ballot initiative attempts and currently lies with my duties as a statewide elected official in Oregon, and Commissioner of the Bureau of Labor and Industries.

In Oregon, in 1996, a ballot initiative was overwhelmingly passed, increasing minimum wage \$0.50 a year for a three-year period, taking it to \$6.50 an hour. In 2002, another initiative was passed, which increased it another \$0.40, taking it to \$6.90 and attaching it to the Consumer Price Index. Twice, this Commissioner of Bureau of Labor and Industries has established those increases. Once for \$0.15 a year ago. This last January once for \$0.20, this last month ([Exhibit C](#)).

For a 40-hour week, a \$0.20 an hour increase it means \$8.00 a week. Minimum-wage workers aren't workers that are saving for a lavish vacation, because they can't afford one. They are workers who are going to spend that money in the local community and they're going to spend it right away.

As Danny Thompson said, 25 percent are single mothers. It could mean a new pair of shoes for their child. It's a small increase. It does establish, at least in our state, stability for both the worker and for businesses. Rather than having the large increases that we had over a number of years, we have anywhere from \$0.40 to \$0.50 a year. It established much smaller, slower, steadier increases, which can be easily calculated within the business and which can be anticipated by the minimum-wage worker.

Currently, Oregon's minimum wage is \$7.25 an hour. The new index requires that Oregon minimum wage be adjusted if the U.S. Consumer Price Index rises or is left unchanged. The law requires that I, as Commissioner of the Bureau of Labor and Industries, calculate those annual adjustments based on the previous calendar year over a 12-month period, using the U.S. City Average Consumer Price Index of all urban consumers. Prior to the increase, critics really speculated

that it would affect Oregon's economy. While we're still collecting the data, the Oregon Employment Department has done a number of studies. During periods of time, when we were the highest unemployed state in the nation, the minimum-age area unemployment has only been affected by 0.9 percent, which arguably with the losses we've had in timber, fishing, high tech, and other industries, it follows with that. Those are where the major job losses are in our state, which are well above the minimum wage. It really has not born out the assertion that this is going to dramatically affect jobs. It has not been the effect in our state, and research currently bears that out.

**Assemblyman Perkins:**

Oftentimes when there's a discussion about the minimum wage and an increase in the minimum wage, there is an assertion, as we've already talked about, that it's going to mean lay offs and that sort of thing, which you touched on that issue as it relates to Oregon. I've also had some small businesses reach out to our office and tell us that there are benefits when they pay higher wages and many of them do this voluntarily. Can you elaborate on what your experience in Oregon has been in that regard with lowering of turnover rates and the cost of recruiting, training, and keeping employees?

**Dan Gardner:**

Clearly, my experience in Oregon has been exactly as you outlined. A lot more minimum-wage workers are staying in the same profession and staying in the same job. There is longer retention. It reduces training costs along the way and it keeps local people working in the local community. One of the problems we have in the coastal communities are with the losses in timber and fishing. What's left as those industries leave is the tourism industry. It does help those minimum-wage workers who work in the tourism industry along coastal areas to be able to stay in their community and not have to transplant themselves to a more urban community for a larger-wage job. They're able to stay at home. I hear that constantly as I travel the state.

**Assemblyman Perkins:**

The other very progressive provision in this bill has to do with if an employer provides health care benefits to their employees, and then they're exempt from the increased provisions. Do you have any life experiences in Oregon on that?

**Dan Gardner:**

We don't have provisions like that in Oregon. We do have the Oregon Health Care Plan, which is a modification of the federal plan, which allows for low-wage workers to be covered with health care, but it's not attached to minimum wage or any of the minimum wage initiatives. I think it's a great thing because the more people you get covered, the more children

particularly... You're talking about 25 percent of minimum wage workers being single mothers. If you can cover their children on health care benefits, I think it's a tremendous asset to the state. I wish we had every child in Oregon covered under health care. We currently don't. This is a way that Nevadans can find to cover a lot more children, single mothers, and a lot of young workers across the state.

**Danny Thompson:**

Currently in Nevada I represent over 340,000 insured individuals. That represents by and far the lion's share of those with health insurance in this state. What we're experiencing in this state is the massive increase in the cost. Recently, there is a reflection of how some of that has gone, due in part to those who are uninsured. When a person who doesn't have health insurance accesses the system, they access it at the most expensive point, and that's the emergency room. Because of the indigent care laws, either they're treated under those laws, or they go to a provider or doctor and promise to pay and then aren't able to. It's not that they don't want to, but they're not able to. As a result of that, the provider can only raise the cost to those who do pay. That's everyone I represent. I can tell you, Mr. Speaker, that all of our struggles over this issue and all our conflicts in labor in the past year have been about the cost of providing that health benefit.

There was another state in particular. During this campaign I found those who opposed this cited the state of Washington as losing jobs. The state of Washington did not lose the jobs in minimum-wage jobs. They lost the jobs because Boeing, the largest employer in the state, lost many of their contracts to Airbus and, consequently, had massive layoffs in that industry and it impacted their unemployment rate significantly.

**Assemblyman Perkins:**

The gaming industry is a huge economic engine in this state, but I think the small business community is near and dear to all of our hearts. It's really where the rubber hits the road. The exclusion is for those who provide health care. I know, Madam Chair, you and others have a small business health care proposal for this legislative session to go hand in glove with this, so I appreciate both of your comments, gentlemen.

**Assemblyman Hettrick:**

Mr. Gardner, reading your letter, ([Exhibit C](#)) maybe I'm not understanding what you're saying here. It says your law requires that you have to calculate manual adjustments to minimum wage. The adjustment is calculated each September and is based on the increase. Is it the actual increase of the



CPI [Consumer Price Index]: All Items, or is it based on something different than the CPI: All Items?

**Dan Gardner:**

The CPI is set up into four quarters. Basically, we use the September forecast calculated by a figure that's in the statute and use that as the establishment of whether it is \$0.10, \$0.15, or \$0.20 and we round up to the nearest nickel.

**Assemblyman Hettrick:**

If the CPI: All Items was 3 percent, you wouldn't go up 3 percent?

**Dan Gardner:**

We would go up to the nearest nickel past the 3 percent.

**Assemblyman Hettrick:**

So you would use that percentage and then round up based on the number that calculated when you multiplied the current minimum wage by that number of 3 percent?

**Dan Gardner:**

Yes, sir.

**Assemblyman Hettrick:**

Do you tie any part of yours to health insurance?

**Dan Gardner:**

No, we do not. We don't have any tie whatsoever to health insurance. We don't even have tip credit in the state of Oregon as you do here in Nevada.

**Assemblyman Hettrick:**

If the federal minimum wage goes up, would it affect your minimum wage by raising it by whatever amount the federal minimum-wage law went up as well?

**Dan Gardner:**

No, it would not. We adjust by the CPI using the All Urban Consumers CPI.

**Assemblyman Hettrick:**

Unless the minimum wage occurs the federal government went beyond what your current minimum wage is and that would supersede, obviously. So you don't adjust up based on the federal minimum wage?

**Dan Gardner:**

Not unless the federal minimum wage goes above \$7.25 an hour.

**Assemblyman Anderson:**

It's relative to your state's position. While you don't provide as a requirement the businesses requirement for medical, that would give them any kind of incentive for that. What percentage of the people in your state is without medical insurance?

**Dan Gardner:**

I would hesitate to give you a figure. I could certainly get you that information.

**Assemblyman Anderson:**

I'm sure we'll have it maybe in another bill that we're going to deal with. It just crossed my mind that Washington might be in a much better, favorable position since we are forty-eighth in the United States in the highest percentage of people without insurance. I'm curious about that.

**Danny Thompson:**

One in four Nevadans doesn't have health insurance and that number is on the rise. It's having a dramatic effect on the cost of those who do. The provision that we put in our initiative petition actually was modeled after the tax legislation that you all passed last session, and that is that if an employer from the payroll tax provides those health benefits to those workers, they can deduct that from their taxes. We see that provision as a way to help small employers afford that cost because it is significant.

**Assemblyman Conklin:**

This is a question for either one of you—actually to follow up with my colleague from the north. I'd be curious to know not only how many people are covered with health insurance in Oregon, but also was there an unappreciable difference increase in the number that were covered along with the increase in minimum wage, because half of being able to have insurance is to be able to afford the co-pay that an employee has to pay to get it. Most companies don't pay 100 percent. They may pay 60 percent of the group plan and then the employee has to come up with the other 40 percent. That has been on the rise with health insurance costs across the nation as well. It's declining in our state, the number of people that purchase it, because they can't afford it anymore and of course that puts a huge burden on the State government and some of the agencies that we have under our control to provide health benefits for those people. I'd be curious if you've noticed with the increase of minimum wage, was there also an increase in the number of people taking part in group plans, reducing that burden on the state?

**Dan Gardner:**

There has been no data that I've seen that shows any appreciable loss in those that are covered by health care insurance with the increase in the minimum wage. Certainly, there are those who oppose the minimum wage in our state, number of associations. They've never been able to make that tie and actually show any statistical data. With the Oregon Health Care Plan, what we did a number of years ago was set up a priority system where it actually took every medical practice that's out there and took it through a priority list and said, "What can we afford to pay?" Obviously, we can't afford to pay for heart transplants and things like that, because then you aren't able to cover basic medical needs for other people who hit the threshold of their earnings to see whether they make the Oregon Health Care Plan or not.

With the Oregon Health Care Plan, one of the first things we saw was that those who left the welfare roles came back with less recidivism back into the welfare roles as it did otherwise. With the Oregon Health Care Plan to assist, I don't believe there has been any appreciable increase in those that are not covered by health care insurance along the way with increases in the minimum wage.

**Danny Thompson:**

Nationwide in 1995, the average increase in wages in this country was less than 3 percent. The average increase in the cost of health care that year for people was 1.8 percent. Two years ago, the average increase in wages was the same, less than 3 percent. The average health care was 12 percent. Clearly, this provision is not going to make someone run out and get insurance for their employees. It is just designed so that if an employer was so inclined, you give them a little bit of a break. This is a big issue for people, your constituents. The last contract the Culinary Union received, from the hotel industry and that long relationship, the biggest increase that was ever enjoyed from that labor management agreement. In the first year, every penny went to maintain health care, not for better health care. That included a whole bunch of cost-cutting measures. The SBC strike that was nationwide wasn't about the 3 percent in wages, it was about the 15 percent in the cost of health care. The grocery strike in California wasn't about the 3 percent in wages, it was about the increase in the cost of health care. This of itself isn't a lot, but I think anything that we can do and you all can do as policy makers and lawmakers, to help an employer be able to afford that for their employees, is going to go a long way in helping everyone.

**Assemblyman Seale:**

Of the people that this will affect, which industries are they primarily working in?

**Danny Thompson:**

They're scattered everywhere. It's not in a particular industry. In health care, there are nursing home-type workers. Many child care workers are making minimum wage. It depends. It's everywhere. We do know that number. The 101,000 make less than \$6.15 an hour.

**Assemblywoman Debbie Smith, Assembly District No. 30, Washoe County:**

I am here today to introduce a constituent who would like to talk to you about this very important piece of legislation. In fact, in the audience, there are several residents of my district here because this is an issue that is important to the residents of District 30. I would like you to welcome Natasha Malqueen, who resides in Assembly District 30 and would like to talk to you about this bill.

**Natasha Malqueen, Constituent, Assembly District 30, Washoe County:**

[Introduced herself.] I live in Sparks. I'm a food-service worker and I'm also a college student. However, I'm barely a part-time college student, because I do make \$5.15 an hour and when I graduate I don't want to end up tens of thousands of dollars in debt, so I try to avoid student loans. I'm actually not taking classes this semester because I couldn't afford to pay for any of them, which is kind of sad, because I'd like to graduate someday. Somehow, I make too much money to qualify for a Pell Grant, so my only other options are to pay for it myself or student loans and end up tens of thousands of dollars in debt. That's my story. I'm here to let you know how it affects many different people. There are a few other people here with me as well who will share their stories with you. It affects them probably a lot more than it does me. It's just myself that I have to provide for, but some of these others have other people that they have to take care of.

**Assemblyman Perkins:**

Thank you for being here today to share your story with us. My only question is, would a dollar an hour increase in the minimum wage be helpful to you, and can you describe to the Committee how that would be helpful?

**Natasha Malqueen:**

I believe it would be helpful. As it is right now, I make enough where I can pay my bills for the most part. Every now and then I have to skip one a month and make it up the next month. Any increase or extra money that I have goes towards college. That's where every extra dollar goes. The more money I have to spend on college, the sooner I graduate and the sooner I'm no longer a minimum-wage worker.

**Assemblyman Anderson:**

Going to college and having two daughters who've just gone through this process over the last couple of years—one of them told me the other day she finally paid off the last of their credit card bills that she had run up for the time in college. Are you carrying very much of your college tuition and expenses on credit?

**Natasha Malqueen:**

A little bit, as little as I can afford. I don't want to end up tens of thousands of dollars in debt, so I try to avoid it.

**Assemblyman Anderson:**

So in reality, by increasing the minimum wage, you're going to keep a good strong credit history so you can make yourself available when you do finish college and get into a meaningful position that you may be adequately compensated, unless you come into one of those professions that are narrowly compensated, to help purchase a home and other things.

**Senator Steven Horsford, Clark County Senatorial District No.4:**

I'm proud to have two of my constituents here who are also minimum-wage workers. This is an important issue to my district as it is to all working families in Nevada. These two people represent a lot of the working families who are struggling to make ends meet. Myra Santiago is a single parent and is earning a minimum wage and is trying to improve herself and her circumstance so that she can take care of her children. Charles Smith is also from Las Vegas. He comes from Hawaii and used to be an owner of his own business. Due to no fault of his own, he had some struggles that he'll share with you and is now a minimum-wage earner. I'd like to introduce them at this time.

**Myra Santiago, Constituent, Senate District No.4:**

I'm here to see if you can consider passing this bill. I'm a single parent. I have two boys that I'm raising on my own, and it is really hard for me and any other parent in Nevada raising kids on their own getting paid minimum wage, working full time and getting \$380 to \$410 paychecks every two weeks and not being able to afford paying your own rent, which is \$675 in Las Vegas right now, plus utility bills. It's really sad to see your kids when they want you to take them to see a movie and you can't afford to take them to see a movie. I'm here for you to hear us.

**Charles Smith, Constituent, Senate District No.4:**

I'm here to give a voice as well as a face to the issues at hand, being a member of the working poor. I could possibly tell you about all the greatest accomplishments I've had over the years, but that's not important. My daddy

used to tell me, "You could be the greatest fisherman in the world, but when you fall out of the boat, you're a swimmer." That's what this is about, swimming, where every move you make is a move to keep your head above water. Every decision is a major decision. She spoke about the movie, just going to the movie, but if you are lucky enough to get to the movies you don't buy any popcorn; \$5.15 an hour just lets you tread water.

[Charles Smith, continued.] To pass this thing today is very important. While you're out there swimming, treading water, you see huge ocean liners passing you by. You see people on the deck playing shuffle board, skeet shooting, eating lavish meals, and nobody looks down. You're invisible. To pass this thing today, it doesn't get me on the boat, but it is a life line. It's something I can hold onto in the hopes that someday I'll get to dry land and be able to stand up again. Right now I'm going through training, and it's a wonderful thing.

I wanted to tell you not necessarily about the difficulty of \$5.15 an hour. I'm here to tell you about the impossibility. You can't in today's economy, in the places where we live, exist on that. It's going to cost you money. Some people have found some wonderful ways to get around it. That's the crime rate. There's no way in the world you're going to stand around and watch people eat juicy hamburgers and be starving. We work hard. It's the foundation and it's corroding. We need to shore that thing up. I've heard people talk about this thing right now today from a technical, political, and economic standpoint, but I'm here to talk about it on a great reality. This is real. People can't pay rent, so you have to be in someplace that's crime-ridden, and you have to share. You're one step up from being homeless. The fact of the matter is, if you get sick, or the sniffles, you have sneezed away your place to live because you're not going to work and now you're short.

Everybody that I know of has been given or has gotten some type of raise. Raise it up for me this time. I'm just saying, one buck, whatever it takes. Show me that, and show the people that I represent that you care. We need a certain amount of dignity; we want to live with a certain amount of dignity. Have you ever tried to buy a pair of those rubber shoes? They used to be All-stars; now they've got one for walking and jogging. Try to buy a pair of rubber shoes for \$5. You don't get the Michael Jordans. You get that thing that the sole falls off next week. I'm serious. The people want a raise. You're here for the people. Give the people what they want this time.

**Chairwoman Buckley:**

I'd like to acknowledge Senator Carlton, who is here with us. Thank you very much for joining us at the hearing.

**Assemblywoman Giunchigliani:**

I'd like to invite one of my constituents, Ryan Hernandez, to join me to share some of his background and hard work. I commend Mr. Smith. He said it far more eloquently, I think, than any of us in politics can. Our working men and women are some work heroes. Their work ethic is exactly what we want to promote. These are individuals who could have gone on welfare and I think his story is they'll do whatever they can not to do that, and it's time that we take some action. Mr. Hernandez, it's a pleasure.

**Ryan Hernandez, Constituent, Assembly District No. 9:**

We're here as current or previous minimum-wage employees, and basically we're asking the Assembly to give us a raise. We've either been through situations, or we are still going through situations, where we cannot make our bills or daily expenses. We're having to rely on other people to make it through. Our cost of living is too high. Since 1997, our rent and cost of living has almost doubled here in Las Vegas. We don't have any medical insurance. I currently have a hospital bill I'm trying to pay \$10 a month on just to pay that. We're all on financial struggles. I, being a single person, have gone through sharing rent and not even having my own room at times. I could imagine how it is for a single mother or somebody that's trying to raise kids, trying to live on minimum wage. Basically, that just pays for the bills. There's no fulfillment for you enjoying your money or having any sense of dignity in what you do. We're basically just asking for a raise.

**Assemblywoman Giunchigliani:**

Ryan, I think you didn't say some of what you should take credit for. He was working three jobs in order to make his way. I commend you for that. Congratulations, I hear you got a new position.

**Ryan Hernandez:**

Thank you. Thanks to the Nevada Partners, that really helped me out a lot there.

**Assemblywoman Giunchigliani:**

Excellent.

**Ryan Hernandez:**

Thank you and on behalf of all of us here asking for a raise.

**Chairwoman Buckley:**

I'm going to come back to Carson City and ask Susan Chandler, who's with the UNR [University of Nevada, Reno] Social Work Department to come forward to talk about the cost of living in Nevada and other matters. Dr. Chandler, thanks for being with us.

**Susan Chandler, Ph.D., Associate Professor, School of Social Work, University of Nevada, Reno:**

I'm here today with many memories of Tom Stoneburner who I imagine might be standing right over there with those wonderfully crinkly eyes and big smile. I think he's saying, "Okay, you adjourned the Legislature yesterday to honor me, so now let's get down to the real work of passing A.B. 87."

In 2001, and for years after that, I conducted a study about the situation and the experience of low-wage workers in Nevada. As part of that study, we wanted to find out what exactly it costs a low-wage family to live and we wanted to calculate that very precisely. We established eight different categories of expenses, like food, housing, medical, child care expenses, and so forth. Using Nevada Public Figures, we calculated out a family budget. We made some important assumptions that I want you to know about.

First, we assumed that these were very frugal families. For example, they prepare all their food at home, they never go out to eat, even at McDonald's, all the adults in the family work 52 weeks a year, and they never take a vacation. These are working people. They receive health insurance from their employer. They live in modest housing. They make no long distance telephone calls. They spend no money on entertainment other than for television. They have no pets, no credit cards and their children have no money for after school activities. This is a no frills, absolutely basic budget.

Doing our calculations, you have the study in front of you ([Exhibit D](#)), we calculated that a single person would need to make \$8.53 an hour to live at that basic level, and a parent with two children would need to make \$14.57. We are here today to discuss a bill that sets the minimum wage at \$6.15 an hour. You might ask legitimately, do I, having done this research, supports such legislation that clearly leaves the wolves still at the door? The answer to that is absolutely, 100 percent, I support the legislation. It is an incredibly important step for Nevada, one that we can be very proud of. As Mr. Thompson said, it immediately helps 50,000 to 100,000 of our low-wage workers and sends a clear message that the Legislature and the State, as a whole, appreciate the work and the contributions of those citizens.

I'd like to make two other comments. One is about the cost-of-living proviso in A.B. 87 and the other is about implementation. The cost-of-living proviso is critical to this. Without it, in a few years, this would be a very weak bill. I can imagine that as the bill goes through the Legislature this year, there will be considerable pressure to strip that from the bill. I urge and beg you not to do it.



[Susan Chandler, continued.] Second, I want to say a word about implementation. In the last couple of weeks, I've taken the opportunity to look a lot of the recent research on minimum wage; the impact of a minimum or living wage increase on state economies. A lot of this most recent research is looking at the issue of implementation. Questions like: "Who is going to implement this?" "What resources will they have?" "What body will they report to?" "Who will constitute that body?" "What are the consequences of non-compliance?" "How will we know if people are not complying?" These are critically important questions. As I say, "the devil is in the details" on this one. This bill will pass, there is no doubt about it. I hope it passes this spring; if not, it will certainly pass in 2006. We want to know that when it does pass, it does what we want it to be. I urge the Committee to pay close attention to issues of implementation.

Finally, I'd like thank Assemblywoman Giunchigliani; I want to thank everyone, Madam Chairwoman, and all the other people who have supported and considered the bill. A.B. 87 is a bill that has good economic development, thought behind it, and justice in its corner as well.

**Assemblywoman Giunchigliani:**

You'll notice that this bill is different from the one we worked on last session, where we tried to deal with really defining a living wage and capture that information. Has the Division of Economic Development, or anyone who worked with you then, at least tried to enact some of those, so we can begin tracking more closely what we were trying to accomplish at that time?

**Susan Chandler:**

Unfortunately not, and I think that's a critical issue.

**Assemblywoman Giunchigliani:**

That's for another day, but I don't want to lose sight that this is one component, and what we're trying to do is deal with the Initiative Petition and the voice of the people, but there were other components that we brought forth to the Legislature last time to try to really focus on sustaining families on a living wage and making sure that we were tracking the information, so thank you very much for being here.

**Earl Elijah, Member, Nevada Small Business Alliance:**

I listened to a lot of the stories that were told by people who are affected and statistical data by people who are affected. My perspective is I'm a business owner, and I work in a particular industry but also represent membership in the Nevada Small Business Alliance as a business owner.

[Earl Elijah, continued.] The industry I represent is a tax, payroll and bookkeeping industry, which gets the finalized report of all those wages that we've been talking about in the form of a W-2. I have seen it each and every year for the last 15 years. I watch W-2s come across my desk, across staff, and have a chance to look at people with anguish come to me. I give you two particular stories of my own that took place within the last 15 days. Two individuals came to the office and their story was that they were about to be evicted. Their eviction had to do with not being able to make ends meet. They are minimum-wage workers who work between the ranges of \$10,712 that you talk about, and the \$14,500 that is the peak level of the Earned Income Credit table that the IRS puts out through the Treasury Department. I see people come to the table attempting to qualify for that on a regular basis. That maximum earned income credit level is about \$4,407. That's a little bit more than two times the wage that we're talking about giving individuals right now, which is an indication that it's necessary because they try to qualify for that by paying \$300 to \$400. We talked about the poorest of the poor in this county paying the highest rates to try to get \$4000 to \$6000 in their pocket in three days. They pay this with companies like H&R Block, Jackson-Hewitt, and companies like myself, which charge much lower rates.

They came to my office and what I had to do was to negotiate with the owner to keep this person from being put out in the street. This was a heart-wrenching situation. It was pouring rain, flooding all over the city of Las Vegas. The individual was in tears and I'm sure all of you can imagine someone who is a grown adult, not a teenager or a young person by any stretch of the imagination. Let's say someone in their mid-forties that worked all their life, in tears, humbled, begging, pleading for the opportunity to not be thrown out in the street. That was just one of two incidents that took place like that in the last 15 days, and the negotiation was between me and the owner, and the owner saying, "Well, I need to know when the check is going to come, I just need to know when the money is going come." I had to make sure that the money came within three days or fewer.

The positive side of the story is I got the check. The deal that we had to discuss was I would deliver the check to the individual in the presence of the owner. It was a very humbling experience. Could you imagine having to be treated like that? They basically had to give up their privacy in order to stay in the house and agreed to sign that over to me, because I could not release that information due to confidentiality issues with the type of work that I do. They did that, signed, and then I had to call the owner. I had the owner come over and say, "I have the check," and then the check was cashed and all of their money was gone like that. That touched me so much, and my seeing that over 15 years touched me so much that, when the opportunity came to participate in Nevada

Small Business Alliance and put a voice from a business perspective in the tax industry to this issue, I was readily available.

[Earl Elijah, continued.] We went out and talked to small businesses individually one at a time, owner to owner, and said, "How do you feel about raising the minimum wage just \$1?" Resoundingly, over 30 businesses that were in the immediate area and other areas said without question that it's necessary; however, in order to be competitive, if we were to give someone more money over another individual, then we might lose workers back and forth, because we're talking about competitive edge ([Exhibit E](#)). It needs to be raised evenly, as a even playing field for all people, and that would be the issue for minimum-wage workers continuing to work in their current status. That's the perspective that I see, and I can only tell you from my point of view, it makes no sense to keep people at the \$5.15 an hour level. They cannot get off of welfare. They can't get off of food stamps. As a previous speaker stated, the cost of food stamps, vouchers, Medicare, and childcare, the subsistence program, which is a year program—that combined total has to be at least \$15 an hour before the person can even begin to enjoy any type of reasonable lifestyle.

**Assemblywoman Giunchigliani:**

The businesses that you've attached are ones who offer to allow their names to be published? Is that what it is for supporting the dollar? I think we should have their signs up. I think that's important to see that actually this can benefit small businesses. It's all the perspective that you take because then there is more discretionary income that may be available by raising it. It can actually turn around and be used in the economy again and I think that's part of what you're saying.

**Earl Elijah:**

Absolutely. Yes.

**Assemblywoman Giunchigliani:**

I appreciate it. I was computing here. Thirty-three years ago I was a maid and I made \$2.12 an hour and that's less than a dollar increase, one every ten years. It's astounding that we haven't taken this action sooner. Thank you for your work.

**Bob Fulkerson, State Director, Progressive Leadership Alliance in Nevada:**

The Economic Policy Institute, 552 economists, many of whom are Nobel Laureates, presidents, and past presidents of the American Economic Association, many of whom are authors on classic college textbooks on macroeconomic theory, have concluded that there is no evidence that minimum-wage hikes eliminate jobs ([Exhibit F](#)). In fact, their research shows

that just the opposite is true. This theory, that hiking the minimum wage does cause job loss, was once prevalent 30 years ago, but today there is not valid research-based rationale for believing that minimum wage increases can cause measurable job losses.

[Bob Fulkerson, continued.] If you look at every time Congress enacted minimum wage increases, employment has not fallen during those times. When states have raised the minimum wage above the federal level, it didn't cause job loss. In fact, 12 states have passed minimum wages above the federal level. Out of these 12 states with higher minimum wages, three-fourths of them saw smaller increases in unemployment between 2000 and 2000 than the national average. Small businesses experienced higher employment growth than states with a minimum wage above the \$5.15 federal minimum.

The minimum wage has been an important part of the U.S. economy for 65 years. The number of states with minimum wages above the federal rate has more than doubled since the last time the federal government raised the minimum wage in 1997. Workers who were paid the higher wages have lower turnover and become much more experienced, which increases their productivity, and lowers their recruiting and training costs. I want to conclude by saying it is a privilege and an honor to follow the speakers who came before me and I know that you all value their work and dignity, and I urge you to put that value into action by passing this bill. Thank you very much.

**Chairwoman Buckley:**

For purposes of time I'm going to switch now to the opposition. I apologize if we don't have time. At the end, to those in support, I'll read your names.

**John Wagner, Burke Consortium of Carson City:**

I'm not in favor of this because I do think it will have a downside to some of the people who are affected by this. What is to prevent a company who has full-time workers at minimum wage suddenly making them part-time workers? Now they don't have the worry about the minimum wage, and if they have to fill in the gaps, they'll just hire a couple more at that same wage, or at part-time. It's admirable trying to raise the minimum wage. I wonder if anybody has gone to their employer, like I did, when I was working minimum wage many years ago, and ask them for a raise. It sounds from the last speaker, like a lot of the businesses down in Las Vegas are willing to raise the minimum wage themselves. Why don't they do so? It's nice to be able to pass a law and suddenly everybody is above the poverty level. But you can also just as easily pass a law saying the poverty level is now down to \$10,000, then everybody is above it.

[John Wagner, continued.] There are some problems lurking in the scheme. I admire these people who are working and trying to get ahead. I know it's not easy. I'm on a fixed income, since I'm retired primarily, and it's not easy for us either. I wish there was some simple solution to this, but I'm not sure that this is the right way to do it. I do commend you for doing something. It's better than doing absolutely nothing. Maybe some of the other speakers can come up with some other ideas as well. Thank you.

**Gary Nelson, Vice President, Wild Island, Sparks, Nevada:**

I'd like to address a provision of the bill that discriminates against a class of employers. That is those who employ students under 18 years of age for after school and summertime employment.

In the summer, Wild Island employs approximately 400 persons, 80 percent of whom are under the age of 18 and who generally work less than 40 hours per week. The remainder of the year, Wild Island employs approximately 100 persons, 50 percent of whom are under age 18. In the winter season those under 18 work less than 40 hours per week, usually around 10 to 15 hours per week.

Most of our summer employees are aged 14 through 17, and this is their first job experience. Virtually all of our teenage employees live at home. Our youngest employees perform such jobs as collecting gate tickets, handing out inner tubes, and checking bags. For the foregoing types of position, Wild Island starts its teenage employees at the federal minimum wage of \$5.15 per hour. More skilled employees, such as those who pass their lifeguard training, cooks, and so on, are started at higher wages. Employees who return for subsequent seasons receive a minimum of \$0.50 per hour increase for each season they return.

What we found is that it takes more than wages to motivate a young teenager. Over the years, we've determined that you have to make the job fun and interesting for teenagers. Throughout our season we hold various parties and dances for our employees. We take them to the movies, bowling, and we give them various incentive gifts for jobs well done and longevity. For our older employees, we give out something like 25 to 30 scholarships per year for those that are full-time students at a college, culinary school, community college, and so on. At the end of our season, we hold an employee raffle, where we give away more than \$10,000 in prizes. In return, based on industry information, Wild Island has one of the highest return rates of employees in water parks in the nation. Approximately 60 percent of our employees come back year after year.

[Gary Nelson, continued.] Obviously, there is a hard-dollar cost for all that we do for our teenagers. I know that the financial impact of this bill will cause us to curtail many of the things that I've indicated we do for our employees. These very things make Wild Island such a desirable and unique place for a young person to ease into his or her lifetime of work. The reality is, the public will only pay so much for a ticket to a water park.

Section 5a of A.B. 87 presently provides that nonprofits, inclusive of municipalities, are exempted from the minimum-wage requirements of the bill when employing persons under age 18. This means that city, county, and nonprofit organizations, like the YMCA, will be able to continue their practice of using teenagers to work in their programs, but will be able to employ those teenagers for less than Wild Island will be obliged to pay. It would be no satisfaction for Wild Island to urge the municipalities and nonprofits to pay the same wages as Wild Island is compelled to pay, as it is my sincere belief that a wage in excess of \$6.15 per hour is simply the ability of Wild Island to pay to a 14 year-old who hands out inner tubes in a Water Park for three or four hours a day. We don't work the 14-year-olds very much. They just want to make a few bucks to buy iTunes for their iPods and so on.

Enable Wild Island to continue to provide a wonderful facility for the families of northern Nevada, and the tremendous work environment for the first job experience, for hundreds and thousands of teenagers. We've been there for 15 years. In our audience today is a gentleman who was a teenager and started work the first year we opened our park, and 15 years later he's now the manager of that facility.

What I would like for you to do is amend Section 5a of A.B. 87 to read as follows, and I've set this forth in the letter that I hope you all will pick up ([Exhibit G](#)). "Employee' means any person who is employed by an employer, but does not include an employee who is under 18 years of age and who is employed for after-school or summer employment or as a trainee for a period of not more than 90 days." In other words, we eliminate the several words that say, "by a nonprofit organization," and if we can do that, that fixes our problem. We can deal with the rest. I thank you.

**Ray Bacon, Executive Director, Nevada Manufacturers Association:**

You should have some written testimony that I provided ([Exhibit H](#)). Our opposition to this thing is strictly technical issues. The first thing is that, having been a sole proprietor at multiple times in my life, there's been more than one occasion on which I failed to pay myself because times were tight. Consequently, that's an exemption which is already in our worker's

compensation statutes. You would probably consider exempting this. That's a slight technical thing that needs to be fixed.

When you look through the bill, it doesn't matter whether the person is union or nonunion. What you're trying to do is get the maximum amount of dollars to the employee, and that should be the focus of the thing and also to minimize the cost of government to government. Those are the gist of the corrections we consider to be policy changes that we have input ([Exhibit H](#)).

The first one is, subsection 4 of Section 2, lines 14 through 26, makes reference to union versus non-union contracts. The person that's out there as the employee doesn't care whether he's union or not, it's how much he's taking home.

The next one is the attorney fees issue. Our recommendation is that they should be required to go through the Labor Commissioner to get the issue resolved as step one, and then if it's not resolved, if you truly have the entrenchment employer who's being a jerk, if you will, then I don't care how much it costs them. Our normal line of dealing with wage-and-hour disputes is through our Labor Commissioner, so that should be step one.

The next one is the summer employment issue that was addressed by the person that preceded me.

The last one deals with the health care issue. Make sure that you don't structure that, with a 10 percent factor in there, in such a way that you actually encourage somebody to drop coverage, to put people on the welfare system, because all of a sudden that 90 percent is going to be so much greater than a dollar an hour difference that they just say, "Fine, we'll raise the wage the dollar an hour, but drop the health care coverage." It's bad for the employee, the state, and the whole thing. As you go through this thing, we're urging you go through and fix it to the point where it winds up being truly good policy, that you eliminate as much of the unintended consequences as you possibly can.

**David Schumann, Independent American Party of Nevada:**

There are a few contradictions here. We talked about the Comstock workers—no government agency— how they helped build the state. They worked as long as they were productive. Their employers kept them employed and there was no minimum wage. They did all that and made money for themselves and their employers and that's the key to all this. If a person is not productive, you cannot, by government fiat, just order that person that's not productive. If they produce enough for the employer to make a profit at \$5.15 or \$6.15 an hour, then fine and dandy. I would certainly think, if a company can increase worker

productivity, worker loyalty, and worker retention, they would certainly raise wages by themselves without government edict.

[David Schumann, continued.] The notion the government, which across the world has a very poor record in effectively managing economics, by fiat would increase retention of workers, worker loyalty, and productivity by increasing the minimum wage, I don't think that's borne out over the 50 or more years we've had the minimum wage. In fact, the folks who were up here pretty much pooh-poohed the idea that raising the minimum wage decreases employment among low-skilled people. I don't think they can back that up. The one gentleman mentioned the Economic Policy Institute. That is an institute known for favoring socialist answers to questions. It's not exactly a conservative think tank. Socialism doesn't work. We've had 100 years of that now, and there is no contradicting it. It simply doesn't work. If you go to England, they denationalized the railroads and they're doing much better than when it was Brit Rail.

We've had anecdotal testimony only that it won't decrease employment. I wish the Committee and the Legislature would go out and ask the Legislative Counsel Bureau or somebody else, "Please get us the figures." Since this thing started, every time a drug store owner had to have his workers paid a dollar an hour more, how many times did he just decide to do the work himself? That's not going to make it on the national unemployment figures. It does make it tougher for teenagers and young people to get employment. If you're going to be paying the older people ... Mr. Smith was very eloquent. I cannot believe that somebody wouldn't pay a gentleman with his verbal skills more than \$6.15 an hour, but apparently not. It boggles my mind, I think he's worth more than that.

If you go back, and we were talking about 1997, the feds haven't increased the minimum wage in 1997 through 2000. I believe it was a Democratic Administration and a Democratic Congress. Why haven't they raised it in 1999 or 2000? Because they went and checked the workings of economists and I doubt there's any Nobel Laureates that have said that raising minimum wage increases productivity. I hope that you will take a look at what this will do to teenagers and slightly post-teenagers as far as going and getting a job. The ladies who are working for the hotels, if they're making minimum wage, absolutely. After we confirm by production of birth certificates, which I had to produce to get a Pennsylvania driver's license and to get a U.S. passport, so it's not big thing, you can adjust this to say that people over 30 upon producing a U.S. birth certificate, then the minimum is \$6.15. But, there's a whole bunch of people under 30 who are making less than \$6.15 an hour. Why? Because they're not producing enough to be worth it, and if they're not producing enough to be worth it, all you're going to do is force the owners of the small



businesses, 2, 3, and 4, mom and pop kind of things, they'll do the work themselves. Thank you for the time to give the contrarian's argument.

**Assemblywoman Giunchigliani:**

I think that the greater danger to our small business men and women is Wal-Mart and some of the big boxes, instead of the people that pay a decent wage in order for them to make a living. I would have to disagree with you.

**Sam McMullen, Legislative Advocate, representing The Nevada Restaurant Association:**

The Nevada Restaurant Association is made up of about 1,000 members, who have a little different story that they'd like to share with you today.

First, let me tell you why I'm not here. I'm certainly not here to argue with what I thought was some very persuasive remarks not only from the leadership, Speaker Perkins, Minority Leader Titus, and certainly Assemblywoman Giunchigliani, or the other remarks here. Certainly not to argue with the very real and compelling stories of the individuals up in front of you, because those are real life, real event, real things happening to real people. So those are extremely important. I appreciate also the information from Oregon and the other experiences. Also, we're not here just to swim against current. We're not unmindful of the fact that there are 33 cosponsors here and that it passed in its first iteration through the constitutional amendment process with 68.6 percent. We're seriously not here because we disagree with the real plight of real people and providing jobs and those types of benefits.

[Sam McMullen, continued.] We are here to discuss what and how this affects one component of the hospitality industry and make sure that that's explained to you. Interestingly enough, most of the people that I talked to when I began representing the Restaurant Association thought that this just raised the minimum wage \$1 and that anecdotally is what a lot of people think and a lot of people thought they were voting on. So we actually appreciate the opportunity, in this deliberative sense, to at least share some of the things we've looked at and raise either as concerns or as issues what we think need to be explained to people to make sure that they're fully cognizant of exactly what this is about.

We are not here because we are minimum-wage employers. There are certainly restaurants and food service workers, as you heard today, who make minimum wage. When we surveyed as an association, for people who actually did in fact pay the minimum wage and did not add on top of that the opportunity and the ability to earn tips, there were basically none that responded that they were actually in that category. Consequently, the effects on this portion of the hospitality industry are very interesting. Again, this is a place where very

important policy objectives are sought by people who are doing what they think is the best thing for some people. It has unintended consequences. We don't employ hotel maids, or child-care workers, or those types of people. We employ very real people, work together with them very closely, care about them, and try and make sure they have job opportunities and the ability to move, and if they don't make tips originally, then move up and become people who do and can increase their take home pay.

[Sam McMullen, continued.] In terms of the restaurant industry, it takes the people who probably make the most money in a restaurant operation and gives them a mandatory \$1 increase but doesn't necessarily do that to the people that make less. Again, in our surveys, we didn't find anyone that was paid actually minimum wage. In this tight job market at 4 percent or 3.5 percent unemployment, it's very difficult to offer minimum wage and find somebody, because when you need workers, you need to pay them and I think that's the wonderful thing about the market at the point.

We discussed it with the members, and basically they figured out that it wasn't just as simple as a \$1 increase. It has some other impacts; we want to explain those and make sure that you understood the effects. I'm sure some of you do. We want to make sure that was on the record, the impact of a \$1 per hour on some of our smaller restaurants with 100 employees, maybe that's not the smallest, but at least a representative of this and the impacts on it. That's probably the equivalent of maybe 50 full-time employees. The impact of that \$1 raise for them is \$65,000. It's not like its small money, and it's not like it's something that isn't an important issue. Especially on a business that already pays the taxes on those tips, even though they don't necessarily receive those dollars or factor them into their profit anywhere.

I was told that they will ask why you could say that it gives a raise to the employees who make the most, so I asked somebody to at least piece that together for me. This is actually close to a real world example, at least for one pizza operation that I asked to help me with this. If you could make a minimum of \$12 in tips, in addition to the minimum wage, you make about \$17.65 per hour per shift. If you worked eight hours and you were able to take home \$100, that's about \$3 to \$4 per hour per table. Consequently, that's \$3 to \$5 more than even the cooks might be paid in a pizza operation for instance. Just to make the point that, in our industry, it is the individual then who is making the highest take home pay with tips and wages that is actually going to get the mandatory raise, not necessarily what might have been intended and what might affect other workers as we heard today.

[Sam McMullen, continued.] Of course it pressures up all of the other things. It does trade we think in some sense for benefits, because there's only a certain amount of dollars. It probably also trades against pricing, there's no question about that. At a certain point, if the issue is that the cost of doing business becomes difficult for the purposes of staying in business, then yes, it affects labor, it affects what you can pay people, it affects benefits, but it also ultimately finds its way into prices. We can discuss all of those things, but what I really wanted to do more than anything, was show you how the CPI [Consumer Price Index] kickers in this work. As laudable as some people thought they were when they do that, they have some consequences over time. It may not be tomorrow.

The first thing this bill does over and above the dollar is say that if the federal minimum wage is increased over \$5.15, then the increment over that is what you have to add. If the Kennedy proposition in Congress today, at \$7.15 an hour, were enacted, the minimum wage, for purposes of this bill and the constitutional amendment, would be raised by \$2, not just up to \$7.15 and stay there for Nevada. This provides that if the minimum wage at the federal level moved up \$2, for purposes of this example, then Nevada would always be \$1 ahead of the federal minimum wage.

Second of all that would be in addition of course to any CPI increases. Three percent per year at \$6.15, is about \$0.20 cents per hour. If at a point, the CPI were to be over and above the raise, that the federal government put in place, then the 3 percent CPI kicker would kick back in. The part that was interesting, in terms of talking to these business people and employers, was that even if they didn't have trouble today with the increase costs of this and it wasn't a concern to them today, it did raise a clear question to them that there are going to be some future consequences and the question no one can really answer today. It's an issue is that in some sense, there's a time when you wonder or worry that it could be uneconomic. That probably is 10 to 20 years down the road, if in fact we're talking about a \$2 increase in the federal minimum wage. There is a concern there, and we just wanted to make sure you understand how this works. That is the kicker and the process.

We ask them to take a very serious look at the health care incentives. I will say that that is something that we think is extremely laudable. We appreciated what was done last year in terms of the health care credit against the gross payroll tax, the modified business tax. We appreciate the incentives to help people who do provide insurance to continue that and to those that don't provide it to do it because there is a break there. The interesting issue about the interpretation of this is that, unfortunately, it seems to suggest that your health care test is a per employee test, because the test is whether or not your

employer has to configure no more than 10 percent of that particular employee's gross taxable income. You could do it as a system to offer health care and have it qualify for purposes of meeting this test. You basically have to make sure that it passed the test for every employee. Consequently, you'd tailor it to the lesser wage earners and the lesser take home pay. You're paying people from \$6.15 to \$5.15, and their response was, first of all, you wouldn't go through the morale and other issues. You wouldn't really try and make this test work. Besides, it would be administratively and probably from a data point of view so impractical to try and implement that, in effect, as laudable as it is, and as much as we agree with it, we'd like to see this encouraged in every opportunity that there might be. This one probably won't work, because you would go through all that to say, "Okay, you're worth \$5.15, you're worth \$6.15." Again, these are employers that don't even pay that. It would be all for that goal. As laudable as it is, it's probably impractical and it won't necessarily work.

[Sam McMullen, continued.] In the future, it taught us that making the test something that was broader than a per employee, whether each individual employee paid in relationship to their gross taxable income, was an important feature and to make sure that the test was a lot more practical in ability to do it. What is interesting about this, as it affects our part of the industry, is that those who take home the most and need it the least are going to get a mandatory raise, and that ultimately, when the restaurant owner can no longer cover that cost, they're going to have to pass that on to the constituents. It has some unintended consequences and some very grating consequences. We want to make sure you understood some of the concerns and the operation of this as it affects our sector. I will say that the Las Vegas Chamber of Commerce shares some of those concerns and wanted to make sure that they were at least before the Body and particularly, in an election sense, it's really hard unless you have millions of dollars or hundreds of thousands of dollars to make sure that this gets out in front of people. The way that this actually operates is important, and the Retail Association had concerns that the real operation of this gets out as well.

**Assemblyman Hettrick:**

I didn't sign on this bill because I have concerns about some of the provisions in addition to the raising of the minimum wage. I probably agree with much of the comments that Sam just made. I really don't have a problem with raising the minimum wage. I do have problems with tying it to many other things that I think could be counterproductive. I agree with the gentleman from Wild Island that we need to make sure we don't affect people that are trying to do the right thing by minimum-wage employees, and would end up not being able to do that at all. I think we need to be careful how we go about this.

[Assemblyman Hettrick, continued.] I think we also have to be realistic in the impact here. I know we heard a lot of testimony that it doesn't cost jobs and doesn't affect employment and so on. One of the fast-food restaurants in my community closed down three or four weeks ago. I'm sure they had minimum-wage employees or some minimum-wage employees in that business. Had they been forced to pay more, they would have closed sooner and those people now would have no job. It does have impact on employment and it does affect people in the end. Do I think we shouldn't raise the minimum wage? No. I think we probably should raise the minimum wage. But when you start tying it to everything else that's in here, no one guarantees an employer a CPI increase in his raise, in his return on investment, or in his ability to feed his family. I heard Mr. Bacon say before that when he was in business, he'd forego his own wages. I did that as well to pay the wages to my employees. I'd forego my own wages at various times. In fact, my brother did and other people in my family who were a part of that business made sure that the employees got the wage and got paid what they were entitled to. We weren't paying minimum wage, but we didn't draw paycheck in those days.

No one guaranteed me a 3 percent increase and no one guaranteed me that I was going to get a return on my investment. No one guaranteed me that someone was going to come help me pay my bank payment. I had to pay those things no matter what. I think we just need to be careful here that in an attempt to help people, we hurt some. I don't think that's what the intent is here. I think the idea of raising the minimum wage is reasonable. The idea of tying it to all these other conditions, I don't think is. So I believe we could get much broader bipartisan support for this bill if it can do what needs to be done, which is help people who need to make more money and who are honest, hardworking people who I have the utmost respect for. We need to help them, but we don't need to help the attorneys, and the unions, and the health care industry, and all the rest while we do it. We need to go do what is best for the people who need the money, not for the rest of these things.

**Jack Jeffrey, Legislative Advocate, representing the Southern Nevada Building and Construction Trades Council:**

We support this bill not because it affects our members. It doesn't affect any of our members. We support this bill because it's the right thing to do. I've been in the workforce, I hate to admit, for over 50 years, and I've heard the arguments on minimum wage the same as most of you near my age had. The people that will be laid off because of it and the people at the lower end of the scale that will suffer—but I can tell you in my 50-plus years of employment there's two things that I've seen personally time after time. I've never known an employer to hire or to keep a person that they didn't need. They are just not going to keep people on the payroll that they don't have to. I'll leave you with that.

**David Kersh, Legislative Advocate, representing Carpenters and Contractors Cooperation Committee:**

We just want to show our support and echo all the passionate statements and support and all the data, and that's it. We just wanted to show our support. We think it's good public policy and we hope we can move forward with it.

**Chairwoman Buckley:**

There was a technical issue on the bill and Brenda Erdoes was going to talk to you for a second. Since all of the members had an opportunity to study this issue already, before you went and voted on it, I think what I'll do is go ahead and have the vote.

[Chairwoman Buckley called a five-minute recess.]

**Chairwoman Buckley:**

[Called the meeting back to order.] I'd like to close the public hearing on Assembly Bill 87 and bring it back to Committee.

**Assemblyman Anderson:**

I would ask to amend and do pass Assembly Bill 87, the amendment being to page 4, Section 5, line 41, to delete "and" put, "or" so it reads, [,or], thus taking care of the problem raised by the folks from Wild Island, thus giving that age group an opportunity to get into the workforce at a lower age and get some sort of meaningful employment.

ASSEMBLYMAN ANDERSON MOVED TO AMEND AND DO PASS  
ASSEMBLY BILL 87 WITH THE FOLLOWING AMENDMENT:

- TO DELETE "AND" PUT, "OR" TO READ [,OR].

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

**Chairwoman Buckley:**

Is there discussion on the motion?

**Assemblywoman Giunchigliani:**

I also wanted to point out in the amendment, Mr. Anderson is absolutely correct. We went back and also verified with the initiative and that was the intent. It not only accommodates making sure that those businesses help young people, but it was also the intent of the initiative as well. I'm glad that he caught that.

**Chairwoman Buckley:**

Thirty different people read it and no one caught that, so it's the legislative process in work. Thank you very much for pointing that out.

**Assemblyman Perkins:**

I want to thank all the folks who have participated in this discussion and debate and gone through the efforts that they did to come here in Carson City and share their stories with us. It has a great deal of impact, honestly it does, on the way we create public policy in this state. If we could do anything to better our system, it would be to have more communication with the constituents of Nevada, and you have made the effort to be here. I, for one, appreciate that, and I know the Committee does as well.

**Chairwoman Buckley:**

I too would like to thank everyone who has worked on this issue over the last couple of years and who took the time to come today to express your support. I think it's real clear that at the minimum wage we have today, anyone who is trying to support themselves or their family cannot afford to provide the basic rent, support, and care for their families. I think it's the right thing to do. I think one of the things that are so amazing about this issue is that so many employers support it. Not only the Alliance, but I think most employers think it's the right thing to do. They think we've just dipped too far below the standard that we have to offer, and I'd like to commend all the employers for that attitude, which I think helped contribute to its very strong passage. I think that the people have spoken. We can cast a lot of theories about what might happen if the federal government raises it by \$2 an hour. I don't know about you, but I don't see the federal government doing that in my lifetime unless the composition changes.

With regard to attorney fees, the only attorney fee issue that's in there is if an employer, despite the will of the people, doesn't pay. The injured employee who's again making below minimum wage has the ability, if they win, to get their attorney's fees back. I don't see that as being prone to attorneys, I see that as leveling the playing field and the right thing to do. I think this is a great bill, and I really commend all of the working people who have worked so hard to make it happen.

**Assemblyman Hettrick:**

I guess I'd agree if we applied the attorney fee rule to all cases. Winner pays or loser pays. I would agree, but in this case we're striking a special instance for this, and that's the only case in which I disagree. I still would vote for this if it were raising the minimum wage and not addressing the rest of the issues.

THE MOTION CARRIED WITH ASSEMBLYWOMEN ALLEN AND  
GANSERT AND ASSEMBLYMAN HETTRICK VOTING NO.  
(Mr. Arberry and Mr. Sherer were not present for the vote.)

**Chairwoman Buckley:**

We thank all of you for coming and we are adjourned [at 4:08 p.m.].

RESPECTFULLY SUBMITTED:

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Vanessa Brown  
Committee Attaché

APPROVED BY:

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Assemblywoman Barbara Buckley, Chairwoman

DATE: \_\_\_\_\_



**EXHIBITS**

**Committee Name:** Commerce and Labor

**Date:** 2/23/05      **Time of Meeting:** 2:11 p.m.

<b>Bill #</b>	<b>Exhibit ID</b>	<b>Witness</b>	<b>Dept.</b>	<b>Description</b>
87	A	Agenda		
87	B	Danny Thompson		Impact of Minimum Wage Increase in Nevada
87	C	Dan Gardner		Oregon Bureau of Labor and Industries Letter
87	D	Susan Chandler		Working Hard, Living Poor
87	E	Earl Elijah		Nevada Small Business Owners
87	F	Bob Fulkerson		EPI Issue Brief
87	G	Gary Nelson		Wild Island Memorandum
87	H	Ray Bacon		NMA Memorandum