

February 13, 2023

The Honorable Sean Tarwater, Chairperson  
House Committee on Commerce, Labor and Economic Development  
300 SW 10th Avenue, Room 346-S  
Topeka, Kansas 66612

Dear Representative Tarwater:

**SUBJECT:** Fiscal Note for HB 2368 by Representative Haswood, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2368 is respectfully submitted to your committee.

HB 2368 would provide an incremental increase for the current state minimum wage. The hourly minimum wage would be increased from \$7.25 to \$10.00 beginning January 1, 2024 through December 31, 2024; to \$12.00 from January 1, 2025 through December 31, 2025; to \$14.00 from January 1, 2026 through December 31, 2026; and finally, to \$16.00 on and after January 1, 2027. The bill would also increase the hourly minimum wage to use for calculations for employees receiving tips and gratuities from \$2.13 to \$3.25 beginning on and after January 1, 2024. The bill would state that the provisions would not apply to any employers and employees covered under the Federal Fair Labor Standards Act if the hourly wage rate in the bill was greater than the hourly wage rate prescribe by such federal law. The amendments contained in HB 2368 would be known as the Making Work Pay Act.

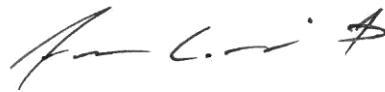
According to the Kansas Department of Labor, enactment of HB 2368 could result in an increase in the number of wage claims, but the agency states that this can be absorbed within existing resources. There could also be an increase in unemployment compensation taxes which would impact the Unemployment Trust Fund, however, the agency could not estimate a fiscal effect. The Department of Revenue estimates an increase in State General Fund revenues totaling \$500,000 in FY 2024, \$2.1 million in FY 2025, and \$3.3 million in FY 2026. The agency also estimates administrative costs of \$1,200 related to passage of the bill.

The Kansas Department of Administration notes the bill would not have a fiscal effect on agency operations in FY 2023 or FY 2024. Legislative Services indicates enactment of HB 2368 would have a negligible fiscal effect on the Legislature's budget as most session staff wage rates are above the wages outlined in the bill through calendar year 2026. The Office of Judicial

Administration states that the bill would not apply to the Judicial Branch. Any fiscal effect associated with HB 2368 is not reflected in *The FY 2024 Governor's Budget Report*.

The Kansas Association of Counties and the Kansas League of Municipalities note that enactment of HB 2368 would increase labor costs for local governments for employees that fall below the wages as outlined in the bill, but a total fiscal effect could not be estimated for counties or cities.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt  
Director of the Budget

cc: Dawn Palmberg, Department of Labor  
Tamara Emery, Department of Administration  
Vicki Jacobsen, Judiciary  
Karen Clowers, Legislative Services  
Jay Hall, Kansas Association of Counties  
Wendi Stark, League of Kansas Municipalities  
Lynn Robinson, Department of Revenue