

February 23, 2022

The Honorable Renee Erickson, Chairperson  
Senate Committee on Commerce  
Statehouse, Room 546-S  
Topeka, Kansas 66612

Dear Senator Erickson:

**SUBJECT:** Fiscal Note for SB 467 by Senator Corson, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning SB 467 is respectfully submitted to your committee.

SB 467 would raise the minimum wage to \$10 per hour beginning January 1, 2023; to \$12 per hour beginning January 1, 2024; to \$14 per hour beginning January 1, 2025; and to \$16 per hour beginning January 1, 2026. The minimum wage base for employees earning tips and gratuities would be \$3.25 per hour beginning January 1, 2023, with other provisions relating to the total wage for these employees being amended to reference the new wages that would be in effect. The amendments would be known as the Making Work Pay Act.

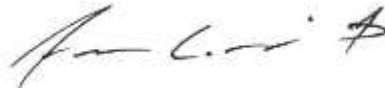
The Kansas Department of Administration states that enactment of SB 467 would affect 463 Executive Branch, non-university, employees the first year of the increases and would have an annual cost of approximately \$292,814 in increases to base salaries; however, due to the timing only half of this would occur in FY 2023. For the increases beginning January 1, 2024, there would be 698 Executive Branch, non-university, employees affected with an annual cost of approximately \$750,896 in increases to base salaries. Half of this amount would be seen in FY 2023 and half in FY 2024. The Office of Judicial Administration states enactment of the bill would not have a fiscal effect because the provisions would not apply to the Judicial Branch.

The Kansas Department of Labor reports enactment of SB 467 could increase the number of wage claims, but the increase could be handled within existing resources. The agency also reports there would be an impact to the Unemployment Insurance Trust Fund, but the total effect could not be estimated. The Kansas Department of Revenue estimates the increased wages would result in an additional \$2.6 million in income tax revenue in tax year 2023 and an additional \$4.4 million in tax year 2024. The agency notes there could also be an effect on tax collections through

the employment and production cost effects and estimates administrative costs of \$1,200 to update publications. Legislative Administrative Services reported any fiscal effect for the Legislative Branch would not be seen until after January 1, 2024. Any fiscal effect associated with SB 467 is not reflected in *The FY 2023 Governor's Budget Report*.

The Kansas Association of Counties reports the bill could increase county sales tax revenue, which would offset the cost of increased salaries for county workers, but the fiscal effect cannot be estimated. The League of Kansas Municipalities reported there would be a fiscal effect on cities, but the total effect cannot be estimated due to the number of city employees varying significantly by city.

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: Vicki Jacobsen, Judiciary  
Karen Clowers, Legislative Services  
Jay Hall, Association of Counties  
Wendi Stark, League of Municipalities  
Dawn Palmberg, Department of Labor  
Celeste Chaney-Tucker, Department of Administration  
Lynn Robinson, Department of Revenue