

Ballot Proposition 206 Fiscal Impact Summary

A.R.S. § 19-123D requires the JLBC Staff to prepare a summary of 300 words or less on the fiscal impact of voter-initiated ballot measures. Proposition 206 would increase the state's current hourly minimum wage of \$8.05 in 4 steps to \$12.00 in 2020. The rate would thereafter increase in each subsequent year by the cost of living. Under current law, the state's minimum wage also increases annually by the cost of living. Beginning July 1, 2017, Proposition 206 also requires employers to provide employees a minimum of 1 hour of paid sick leave per 30 hours worked. Under Proposition 206, the State of Arizona and certain small businesses would continue to be exempt from paying the minimum wage. The State of Arizona would also be exempt from paid sick leave provisions of the measure.

Proposition 206's provisions may have an economic impact on state and local revenue collections and state spending. By increasing wages and business costs, Proposition 206 may affect individual income tax, corporate income tax and sales tax collections. In addition, Proposition 206's provisions may affect participation in, and the cost of, public assistance programs. It is difficult to determine the impacts of Proposition 206 on either state revenues or spending in advance.

The state may currently levy civil penalties against violators of the minimum wage laws. Proposition 206 expands these penalties to violators of the paid sick leave requirements. These additional penalties would be retained by the state Industrial Commission to finance enforcement of Proposition 206.

The state Industrial Commission may incur costs to implement a public education program under Proposition 206 to inform individuals about paid sick leave requirements.