

**PROPOSITION \_\_**  
**[I - 02 - 2024]**

**One Fair Wage Act**

**ANALYSIS BY LEGISLATIVE COUNCIL**

**Legislative Council Staff Draft**

1           Currently, Arizona's minimum wage is adjusted each year by the increase in the cost of  
2 living, measured by the consumer price index and rounded to the nearest multiple of \$0.05. In  
3 addition to this minimum wage calculation, Proposition \_\_ would increase the minimum wage  
4 by \$1.00 per hour on January 1, 2025 and again on January 1, 2026. Proposition \_\_ also  
5 provides that if the cost of living is calculated in the negative, the minimum wage would remain  
6 unchanged for that year.

7           Current law provides that employers may pay tipped employees up to \$3.00 per hour  
8 less than the minimum wage if the employer's records or the employee's declaration for federal  
9 insurance contributions act (FICA) establishes that when adding tips or gratuities to wages the  
10 tipped employee was paid at least the minimum wage for all hours worked. Current law also  
11 exempts small businesses that have less than \$500,000 in gross annual revenue and that are  
12 exempt from paying the federal minimum wage from having to pay the state minimum wage.

13           Proposition \_\_ would require an employer to pay tipped employees (defined as  
14 employees who receive more than \$30.00 per week in tips) the following, exclusive of any tips  
15 received by the employee:

- 16           1. On or before December 31, 2024, \$3.00 per hour less than the minimum wage.
- 17           2. On or after January 1, 2025 through December 31, 2025, \$2.00 per hour less than the  
18 minimum wage.
- 19           3. On or after January 1, 2026 through December 31, 2026, \$1.00 per hour less than the  
20 minimum wage.
- 21           4. On or after January 1, 2027, the minimum wage prescribed at that time.

22           Proposition \_\_\_\_ also would make the following changes to the definitions applicable to  
23 the state minimum wage law:

- 24           1. Amends the definition of "employ" to:
  - 25           (a) Exclude contracting with an independent contractor.
  - 26           (b) Include allowing an individual (defined as a natural person) to work "anywhere in  
27 this State, regardless of the individual's age, status as a learner, apprentice, vocational trainee or  
28 other status wherein that individual provides labor regardless of any benefit to the individual."
- 29           2. Amends the definition of "employer" to:
  - 30           (a) Exclude a tribal entity.
  - 31           (b) Remove the current exception for a small business that has less than \$500,000 in  
32 gross annual revenue and that is exempt from paying the federal minimum wage.
- 33           3. Adds the definition of "tip" to mean "a verifiable sum presented to an employee by a  
34 patron or others as a gift or voluntary gratuity in recognition of some service preformed for or on  
35 behalf of the patron or others by the employee."

1 Proposition \_\_\_\_ would not be interpreted to conflict with federal law and would apply  
2 prospectively.

DRAFT