



# HOUSE OF REPRESENTATIVES

HB 2579

nonwage compensation; minimum wage

Prime Sponsor: Representative Mesnard, LD 17

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DP Committee on Commerce

X Caucus and COW

House Engrossed

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## OVERVIEW

HB 2579 modifies the statutes relating to employee compensation and benefits. Contains a Proposition 105 clause.

## PROVISIONS

1. Defines *minimum wage* as the nondiscretionary minimum compensation given to an employee, including commissions but excluding tips and gratuities.
2. Adds *nonwage compensation* to the list of employee regulations that are of statewide concern and not subject to further regulation by any city, town or political subdivision of the state.
3. Authorizes a political subdivision to establish a minimum wage equivalent to the statutory requirements of the Minimum Wage Act (Act).
4. Designates *nonwage compensation* as: fringe benefits, welfare benefits, child/adult care plans, sick pay, vacation pay, severance pay, commissions, bonuses, retirement plan/pension contributions, other federal employment benefits, other amounts more than the minimum compensation due to an employee.
5. Removes from the definition of *wages*: sick pay, vacation pay, severance pay, commissions, bonuses and other amounts promised by the employer who has a policy or practice of making such payments.
6. Applies a Proposition 105 clause to the minimum wage section of law (A.R.S. 23-362).

## CURRENT LAW

Arizona employers are required to pay regular employees at least the minimum wage, currently \$8.05 per hour. Proposition 202, a voter initiative passed in 2006 (effective January 1, 2007), established the Act, requiring an annual increase in minimum wage based on the Consumer Price Index of All Urban Consumers, Bureau of Labor Statistics, U.S. Department of Labor.

*Wages* means the nondiscretionary monies due to an employee in return for labor or services, whether determined by time, task, piece, commission or other means of calculation. *Wages* also includes sick, vacation and severance pay, commissions and bonuses, plus other amounts as promised by the employer as a policy or practice. (A.R.S. § 23-350)

The cash wage (\$3.00 less than minimum wage) is paid to employees who regularly and customarily receive tips or gratuities. If the cash wage plus tips do not equal the minimum wage, then employers are responsible for paying the difference to the employee. According to the Industrial Commission of Arizona (ICA), Labor Department, any person can file a complaint if the person is not receiving the state minimum wage or has been retaliated against for asserting a claim or right under the Act. ([www.ica.state.az.us](http://www.ica.state.az.us))