

PROPOSED  
SENATE AMENDMENTS TO S.B. 1267  
(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Subject to the requirements of article IV, part 1,  
3 section 1, Constitution of Arizona, section 23-363, Arizona Revised  
4 Statutes, is amended to read:

5 ~~23-363.~~ Minimum wage: applicability

6 A. Employers shall pay employees ~~no~~ NOT less than the minimum wage,  
7 which shall be not less than:

8 ~~1. \$10 on and after January 1, 2017.~~

9 ~~2. \$10.50 on and after January 1, 2018.~~

10 ~~3. \$11 on and after January 1, 2019.~~

11 ~~4.~~ \$12 PER HOUR on and after January 1, 2020.

12 B. The minimum wage shall be increased on January 1, 2021 and on  
13 January 1 of successive years, by the increase in the cost of living. The  
14 increase in the cost of living shall be measured by the percentage  
15 increase as of August of the immediately preceding year over the level as  
16 of August of the previous year of the consumer price index (all urban  
17 consumers, ~~U.S.~~ UNITED STATES city average for all items) or its successor  
18 index as published by the ~~U.S.~~ UNITED STATES department of labor or its  
19 successor agency, with the amount of the minimum wage increase rounded to  
20 the nearest multiple of ~~five cents~~ \$.05.

21 C. For any employee who customarily and regularly receives tips or  
22 gratuities from patrons or others, the employer may pay a wage up to \$3.00  
23 per hour less than the minimum wage if the employer can establish by ~~its~~  
24 THE EMPLOYER'S records of charged tips or by the employee's declaration  
25 for federal insurance contributions act (FICA) purposes that for each  
26 week, when adding tips received to wages paid, the employee received not  
27 less than the minimum wage for all hours worked. Compliance with this  
28 ~~provision~~ SUBSECTION will be determined by averaging tips received by the  
29 employee over the course of the employer's payroll period or any other  
30 period selected by the employer that complies with regulations adopted by  
31 the commission.

32 D. THIS SECTION DOES NOT APPLY TO EMPLOYEES WITH DISABILITIES WHO  
33 ARE COVERED BY A SPECIAL CERTIFICATE THAT IS ISSUED UNDER SECTION 14(c) OF  
34 THE FAIR LABOR STANDARDS ACT OF 1938 (29 UNITED STATES CODE SECTION  
35 214(c)).

36 Sec. 2. Legislative intent

37 A. This act is enacted to further the purpose of proposition 202,  
38 approved by a majority of the votes cast at the November 2006 general  
39 election and proposition 206, approved by a majority of the votes cast at  
40 the November 2016 general election.

1 B. The expressed public policies of the United States and the state  
2 of Arizona are to provide job training and employment opportunities to  
3 persons with disabilities.

4 C. Thousands of persons with disabilities in Arizona are enrolled  
5 with the Arizona health care cost containment system, the department of  
6 economic security and the department of health services as program  
7 beneficiaries, and these persons receive taxpayer-subsidized support  
8 services for employment training and placement through service  
9 contractors. These services include skills assessment, skills training,  
10 job placement, sheltered workshops, transportation services, including to  
11 and from jobs and workshops, job coaches and supervision and continuing  
12 evaluation. While not part of employment compensation, these  
13 taxpayer-subsidized support services enable persons with disabilities to  
14 have jobs, consistent with national and state priorities. Many such  
15 program beneficiaries are employed by employers that pay less than minimum  
16 wage in accordance with special certificates issued to such employers by  
17 the United States department of labor pursuant to section 14(c) of the  
18 fair labor standards act of 1938. Many such program beneficiaries are not  
19 expected to be able to obtain competitive employment, even after lengthy  
20 periods of skills training.

21 D. Propositions 202 and 206 require that all employees be paid not  
22 less than minimum wage, except for employees who are expressly excluded by  
23 the language of propositions 202 and 206. Propositions 202 and 206 do not  
24 exclude persons with disabilities or employees who are also program  
25 beneficiaries that receive support services, and who are paid less than  
26 minimum wage pursuant to section 14(c) of the fair labor standards act of  
27 1938 certificates.

28 E. In absence of this act, many persons with disabilities who are  
29 paid less than minimum wage in accordance with section 14(c) of the fair  
30 labor standards act of 1938 are expected to lose their jobs and job  
31 opportunities. This is anticipated because some program contractors and  
32 other employers will not continue to offer employment training and  
33 placement programs at higher wages that may be mandated by propositions  
34 202 and 206. Many program beneficiaries are not able to produce the same  
35 quality and quantity of work that is commensurate with the work product of  
36 nondisabled workers who would be receiving the same minimum wage,  
37 discouraging the employment of many beneficiaries. State agencies and  
38 program contractors will not receive a supplemental, legislative  
39 appropriation to make up the difference between the current subminimum  
40 wages paid and any minimum wage required by propositions 202 and 206.  
41 Therefore, the legislature believes that this circumstance, the loss of  
42 many employment opportunities for persons with disabilities, is  
43 inconsistent with the will of Arizona voters and is an unintended  
44 consequence of propositions 202 and 206.

45 F. The legislature finds this act is necessary in order to further  
46 national and state policies that encourage training and employment  
47 opportunities for persons with disabilities and to further the purpose of  
48 proposition 206.

1           Sec. 3. Requirements for enactment; three-fourths vote  
2           Pursuant to article IV, part 1, section 1, Constitution of Arizona,  
3 section 23-363, Arizona Revised Statutes, as amended by this act, is  
4 effective only on the affirmative vote of at least three-fourths of the  
5 members of each house of the legislature."  
6 Amend title to conform

DAVID C. FARNSWORTH

1267FARNSWORTH SE.docx  
02/19/2026  
08:57 AM  
C: SK  
130TTRMII