

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 1112

Short Title: Living Wage By 2020.

(Public)

Sponsors: Representatives Harrison, Fisher, L. Hall, and D. Hall (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Rules, Calendar, and Operations of the House

May 11, 2016

A BILL TO BE ENTITLED

AN ACT INCREASING THE STATE'S MINIMUM WAGE IN PHASES UNTIL 2020, WHEN THE WAGE SHALL BE ADJUSTED AUTOMATICALLY EACH YEAR BY INCREASES IN THE COST-OF-LIVING, CHANGING THE WAY TIPS ARE CREDITED TO PHASE-IN INCREASES IN THE WAGES OF TIPPED EMPLOYEES, AND GRANTING A FIVE PERCENT COST-OF-LIVING ADJUSTMENT FOR STATE RETIREES.

The General Assembly of North Carolina enacts:

SECTION 1.1. G.S. 95-25.3 reads as rewritten:

"§ 95-25.3. Minimum wage.

(a) Every employer shall pay to each employee who in any workweek performs any work, wages of at least ~~six dollars and fifteen cents (\$6.15)~~ the following amounts:

- (1) Ten dollars (\$10.00) per hour or the minimum wage set forth in paragraph 1 of section 6(a) of the Fair Labor Standards Act, 29 U.S.C. 206(a)(1), as that wage may change from time to time, whichever is higher, except as otherwise provided in this section, effective January 1, 2017.
- (2) Twelve dollars (\$12.00) per hour or the minimum wage set forth in paragraph 1 of section 6(a) of the Fair Labor Standards Act, 29 U.S.C. § 206(a)(1), as that wage may change from time to time, whichever is higher, except as otherwise provided in this section, effective January 1, 2018.
- (3) Fourteen dollars (\$14.00) per hour or the minimum wage set forth in paragraph 1 of section 6(a) of the Fair Labor Standards Act, 29 U.S.C. § 206(a)(1), as that wage may change from time to time, whichever is higher, except as otherwise provided in this section, effective January 1, 2019.
- (4) Fifteen dollars (\$15.00) per hour or the minimum wage set forth in paragraph 1 of section 6(a) of the Fair Labor Standards Act, 29 U.S.C. § 206(a)(1), as that wage may change from time to time, whichever is higher, except as otherwise provided in this section, effective January 1, 2020. Beginning September 30, 2019, and on each September 30 thereafter, the Commissioner of Labor shall calculate an adjusted minimum wage rate using the Consumer Price Index (all urban consumers, U.S. city average for all items), CPI-U, or its successor index, as calculated by the U.S. Department of Labor for the 12-month period preceding the previous September 1. Each adjusted minimum wage rate calculated shall be published on September 30 and take effect on the following January 1.

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1 (f) Tips earned by a tipped employee may be counted as wages only ~~up to the amount~~
2 ~~permitted in section 3(m) of the Fair Labor Standards Act, 29 U.S.C. 203(m), as provided by~~
3 subsection (f1) of this section, if the tipped employee is notified in advance, is permitted to retain
4 all tips and the employer maintains accurate and complete records of tips received by each
5 employee as such tips are certified by the employee monthly or for each pay period. Even if the
6 employee refuses to certify tips accurately, tips may still be counted as wages when the employer
7 complies with the other requirements of this section and can demonstrate by monitoring tips that
8 the employee regularly receives tips in the amount for which the credit is taken. Tip pooling shall
9 also be permissible among employees who customarily and regularly receive tips; however, no
10 employee's tips may be reduced by more than fifteen percent (15%) under a tip pooling
11 arrangement.

12 (f1) Effective January 1, 2017, the tip credit may not exceed fifty percent (50%) of the
13 minimum hourly wage established in subsection (a) of this section. Starting January 1, 2018, the
14 minimum cash wage paid directly to a tipped employee may not be less than five dollars (\$5.00)
15 per hour, and the tip credit may not exceed the difference between the minimum cash wage paid
16 directly to the tipped employee and the minimum hourly wage established under subsection (a) of
17 this section. Starting January 1, 2019, and on each January 1 thereafter, the minimum cash wage
18 paid directly to a tipped employee must be increased by an additional one dollar (\$1.00) per hour
19 until it reaches the same amount as the annually adjusted minimum hourly wage established under
20 subsection (a) of this section, except that if the minimum cash wage paid directly to a tipped
21 employee is less than one dollar (\$1.00) less than the annually adjusted minimum hourly wage, it
22 must be increased by that lesser amount.

23 (g) Repealed by Session Laws 2006-259, s. 18, effective August 23, 2006."

24 **SECTION 2.1.(a)** G.S. 135-5 is amended by adding a new subsection to read:

25 "(uuu) From and after July 1, 2016, the retirement allowance to or on account of beneficiaries
26 whose retirement commenced on or before July 1, 2015, shall be increased by five percent (5%) of
27 the allowance payable on June 1, 2016, in accordance with G.S. 135-5(o). Furthermore, from and
28 after July 1, 2016, the retirement allowance to or on account of beneficiaries whose retirement
29 commenced after July 1, 2015, but before June 30, 2016, shall be increased by a prorated amount
30 of five percent (5%) of the allowance payable as determined by the Board of Trustees based upon
31 the number of months that a retirement allowance was paid between July 1, 2015, and June 30,
32 2016."

33 **SECTION 2.1.(b)** G.S. 135-65 is amended by adding a new subsection to read:

34 "(ff) From and after July 1, 2016, the retirement allowance to or on account of beneficiaries
35 whose retirement commenced on or before July 1, 2015, shall be increased by five percent (5%) of
36 the allowance payable on June 1, 2016. Furthermore, from and after July 1, 2016, the retirement
37 allowance to or on account of beneficiaries whose retirement commenced after July 1, 2015, but
38 before June 30, 2016, shall be increased by a prorated amount of five percent (5%) of the
39 allowance payable as determined by the Board of Trustees based upon the number of months that
40 a retirement allowance was paid between July 1, 2015, and June 30, 2016."

41 **SECTION 2.1.(c)** G.S. 120-4.22A is amended by adding a new subsection to read:

42 "(z) In accordance with subsection (a) of this section, from and after July 1, 2016, the
43 retirement allowance to or on account of beneficiaries whose retirement commenced on or before
44 January 1, 2016, shall be increased by five percent (5%) of the allowance payable on June 1, 2016.
45 Furthermore, from and after July 1, 2016, the retirement allowance to or on account of
46 beneficiaries whose retirement commenced after January 1, 2016, but before June 30, 2016, shall
47 be increased by a prorated amount of five percent (5%) of the allowance payable as determined by
48 the Board of Trustees based upon the number of months that a retirement allowance was paid
49 between January 1, 2016, and June 30, 2016."

1 **SECTION 3.1.(a)** There is appropriated from the General Fund to the Reserve for
2 Retiree Cost-of-Living Adjustments the sum of two hundred ten million dollars (\$210,000,000)
3 for the 2016-2017 fiscal year to implement the cost-of-living adjustment authorized by this act.

4 **SECTION 3.1.(b)** There is appropriated from the Highway Fund to the Reserve for
5 Retiree Cost-of-Living Adjustments the sum of six million four hundred thousand dollars
6 (\$6,400,000) for the 2016-2017 fiscal year to implement the cost-of-living adjustment authorized
7 by this act.

8 **SECTION 4.1.** This act is effective when it becomes law, except that Section 2.1 and
9 Section 3.1 of this act become effective July 1, 2016.