



FROM MARCH 17, 2003

MINIMUM WAGE

This afternoon the House Committee on State Administration, chaired by Representative Connie Mack (R-Ft Lauderdale), took up HB 321 by Representative Frank Attkisson (R-Kissimmee) to prevent local governments in Florida from enacting ordinances that require private employers to pay a minimum wage higher than the federal minimum wage.

Cindy Hall of the AFL-CIO spoke in opposition to the bill, stating that the bill may prohibit local governments from setting minimum wages for their employees and those who contract with them. Several other speakers expressed opposition to the bill, including representatives from the Florida Building Trade Council and the National Association of Machinists, yet the bill was reported favorably with no amendments, five to zero.

In June 2002, David McPherson, Ph.D., a professor of economics at Florida State University, studied the potential impact of a comprehensive statewide minimum wage law in Florida, based on wage levels now required by ordinance for certain employers doing business with Miami-Dade County. The study concluded that an extension of this minimum wage law to all private employers statewide would result in approximately 131,000 to 222,000 workers losing their jobs. Moreover, Florida employers would see their wage costs skyrocket in the range of \$4.9 to \$8.8 billion. Professor McPherson concluded that targeted employment-tax benefits are better policy to assist poor families than local minimum wage mandates, because they reward work and do not cause workers to lose jobs.

Ideally, Associated Industries of Florida would like to see the bill go farther by also banning living-wage ordinances that target contractors providing goods and services to local governments. In the final analysis, the higher-than-minimum wages mandated by these types of local ordinances result in higher costs of doing business and higher-than-necessary taxes, which is a byproduct whenever wage levels are dictated by local government edict rather than the law of supply and demand.

Nevertheless, some legislators who are generally staunch opponents of government intervention in the free market are also opposed to legislation that interferes with the home-rule powers of local government. Hence, HB 321, in its present form, is deemed by many to be a politically viable compromise that allows local government officials to make business decisions affecting their local government entities while at the same time denying them the more egregious power to adversely affect business decisions by purely private parties in the local jurisdiction.

On balance, HB 321 represents an important step in the right direction, especially for the hospitality industry in Florida. However, as a matter of principle, AIF continues to oppose all costly living wage mandates at the local level – even when limited to commercial transactions involving local government entities.

Please send your comments or suggestions to us at aif@aif.com or call the Governmental Affairs department at (850)224-7173.

- For more information on all of the important legislative information concerning the business community, go to our “members only” Florida Business Network web site at <http://fbnnet.com>
- Send us your E-mail address and we will begin to send this report to you automatically via E-mail.