

ASSEMBLY BILL

No. 10

Introduced by Assembly Member Alejo

December 3, 2012

An act to amend Section 1182.12 of the Labor Code, relating to wages.

LEGISLATIVE COUNSEL'S DIGEST

AB 10, as introduced, Alejo. Minimum wage: annual adjustment.

Existing law requires that, on and after January 1, 2008, the minimum wage for all industries be not less than \$8.00 per hour.

This bill would increase the minimum wage, on and after January 1, 2014, to not less than \$8.25 per hour. The bill would further increase the minimum wage, on and after January 1, 2015, to not less than \$8.75 per hour, and on and after January 1, 2016, to not less than \$9.25 per hour.

This bill would provide for an adjustment to the hourly minimum wage beginning on January 1, 2017, and annually thereafter, to maintain employee purchasing power. The automatically adjusted minimum wage would be calculated using the California Consumer Price Index, as specified. The bill would prohibit the Industrial Welfare Commission from adjusting the minimum wage downward and from adjusting the minimum wage upward if the average percentage of inflation for the previous year was negative. The bill would require the Industrial Welfare Commission to publicize the automatically adjusted minimum wage.

This bill would provide that its provisions not be construed to preclude an increase in the minimum wage greater than the formula would provide.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1182.12 of the Labor Code is amended
2 to read:

3 1182.12. (a) Notwithstanding any other provision of this part,
4 on and after January 1, ~~2007~~ 2014, the minimum wage for all
5 industries shall be not less than ~~seven dollars and fifty cents (\$7.50)~~
6 ~~per hour, and on and after January 1, 2008, the minimum wage for~~
7 ~~all industries shall be not less than eight dollars (\$8.00) per hour~~
8 ~~eight dollars and twenty-five cents (\$8.25) per hour and on and~~
9 ~~after January 1, 2015, the minimum wage for all industries shall~~
10 ~~be not less than eight dollars and seventy-five cents (\$8.75) per~~
11 ~~hour and on and after January 1, 2016, the minimum wage for all~~
12 ~~industries shall be not less than nine dollars and twenty-five cents~~
13 ~~(\$9.25) per hour.~~

14 (b) (1) Except as provided in paragraph (3), the minimum wage
15 shall be automatically adjusted on January 1 of each year,
16 commencing on January 1, 2017, to maintain employee purchasing
17 power diminished by the rate of inflation that occurred during the
18 previous year.

19 (2) The minimum wage adjustment shall be made by multiplying
20 the minimum wage in effect on December 31 of the previous year
21 by the percentage of inflation that occurred during that year, and
22 by adding the product to the wage in effect during that year. The
23 resulting total shall be rounded off to the nearest five cents (\$0.05).
24 The Industrial Welfare Commission shall publicize the
25 automatically adjusted minimum wage.

26 (3) The Industrial Welfare Commission shall not adjust the
27 minimum wage pursuant to this subdivision if the average
28 percentage of inflation for the previous year was negative.

29 (4) For purposes of this subdivision, the following terms have
30 the following meanings:

31 (A) "Percentage of inflation" means the percentage of inflation
32 specified in the California Consumer Price Index for All Urban
33 Consumers, as published by the Department of Industrial Relations,
34 Division of Labor Statistics and Research, or its successor index.

- 1 (B) “Previous year” means the 12-month period that ends on
2 August 31 of the calendar year prior to the adjustment.
3 (c) The Industrial Welfare Commission shall not reduce the
4 minimum wage prescribed by this section.
5 (d) This section shall not be construed to preclude an increase
6 of the minimum wage by the Industrial Welfare Commission in an
7 amount that is greater than the rate calculated pursuant to
8 subdivision (b).