



TO: Elizabeth Pauli, City Manager
FROM: Andy Cherullo, Finance Director
COPY: Government Performance and Finance Committee
PRESENTER: Danielle Larson, Tax & License Division Manager
SUBJECT: Tacoma Municipal Code, Chapter 18.20 Repeal - Minimum Wage
DATE: November 19, 2019

PRESENTATION TYPE:
 Request for Ordinance

SUMMARY:

In November 2016, voters approved Washington State Initiative 1433, changing statewide employment standards by increasing the state minimum wage that went into effect on January 1, 2018. The State of Washington Department of Labor & Industries (L&I) investigates complaints and enforces the State’s Minimum Wage laws. The State’s minimum wage will be higher than the City’s effective January 1, 2020. Staff is recommending repeal of Tacoma Municipal Code (TMC) Chapter 18.20 – Minimum Wage.

BACKGROUND:

In 2015, prior to Washington States employment standards laws going into effect, the City Council adopted TMC 18.20 - Minimum Wage. The law went into effect on February 1, 2016 and has been implemented by the Employment Standards Office within the Finance Department’s Tax & License Division.

ISSUE:

Minimum Wage

At the time the City’s Employment Standards laws were proposed and adopted, the state minimum wage was \$9.47. Given that Tacoma acted before the State to raise the minimum wage, there initially was a greater difference between Tacoma’s minimum wage and the State’s. However, that gap has rapidly closed. In 2020, the state’s minimum wage will supersede the City’s rate.

YEAR	CITY’S MW RATE	STATE’S MW RATE	DIFFERENCE
2016	\$10.35	\$9.47	.88
2017	\$11.15	\$11.00	.15
2018	\$12.00	\$11.50	.50
2019	\$12.35	\$12.00	.35
2020	\$12.54	\$13.50	(.96)

ALTERNATIVES:

There is no benefit to the alternative of not repealing the City’s minimum wage laws because the State’s minimum wage is higher than the City’s as of January 1, 2020.

FISCAL IMPACT:

There is not fiscal impact to the 2019/2020 biennium.

RECOMMENDATION:

Staff recommends repealing Tacoma Municipal Code, Chapter 18.20 – Minimum Wage effective January 1, 2020 and relying on State laws and L&I enforcement going forward.