



Minimum Wage Study

City of Tacoma | Finance Department

Government Performance and Finance Committee

October 16, 2018

ITEM #4



OVERVIEW



- Tacoma Municipal Code (TMC) Title 18.20 - Minimum Wage law directs the City Manager to make a proposal for a study to assess the impacts of Tacoma's Minimum Wage Law.
- Staff recommends that a minimum wage study not be conducted and that the language requiring the study be stricken from the Ordinance.

OVERVIEW



The basis for this recommendation is as follows:

- (1) There is minimal difference between the state minimum wage and the City minimum wage
- (2) State Initiative 1433 has impacted the City's Minimum Wage law, but that impact would be difficult to determine and that would make the study of Tacoma's minimum wage difficult
- (3) It is projected that by 2020 the State's minimum wage will supersede the City's minimum wage
- (4) A study could potentially be costly to the City and is currently not budgeted

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BACKGROUND



- In 2015, the City Council adopted Tacoma Municipal Code (TMC) Title 18.20 - Minimum Wage law.
- The Minimum Wage law directs the City Manager to make a proposal for a study to assess the impacts of the law.
- In 2016, Washington voters passed Initiative 1433 which increased the statewide minimum wage.

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	2019 MW + CPI	\$13.50	Unknown

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ISSUES



- In 2015, when City Council adopted the Minimum Wage ordinance, City Council did not know that:
 - (a) Initiative 1433 would pass in 2016, or
 - (b) the State and City's minimum wages would be similar in rate from 2017 to 2019, and that in 2020 the State's rate would most likely supersede the City's rate.
- The purpose of the language in TMC 18.20.080 was, in part, to look at what impact minimum wages may have on low income workers, small businesses and the Pierce County economy. Now that there is a state-wide minimum wage in effect, it may be difficult to accurately assess the impact the City's minimum wage has had on small businesses, low waged workers, and the regional economy because of the smaller difference in wages between the State and City.

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RECOMMENDATIONS (if presentation to Committee)



Staff recommends that the City not perform a study in 2018 given that:

- (1) there is minimal difference between the state minimum wage and the City minimum wage;
- (2) Initiative 1433 has impacted the City's Minimum Wage law, but that impact would be difficult to determine and that would make the study of Tacoma's minimum wage difficult;
- (3) it is projected that by 2020 the State's minimum wage will supersede the City's minimum wage; and
- (4) a study could potentially be costly to the City and is currently not budgeted.

Further, it is recommended that TMC 18.20.080 be amended to remove the minimum wage study language.

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PROPOSED REVISIONS



- **City Code Chapter 18.20**
 - Amends Article 18.20.080
 - Remove language in 18.20.080

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NEXT STEPS



- Council Committee Review – October 16, 2018
- City Council Consideration – October 30, 2018
- Ordinance Effective Date – November 19, 2018

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