Minimum Wage is a Hot Topic in Trenton

Senate bill 15, sponsored by Senate President Steve Sweeney, and Assembly Bill 15, sponsored by Assembly Speaker Vincent Prieto, would raise New Jersey’s Minimum Wage rate to $10.10 per hour on January 1, 2017. From January 1, 2018 until 2021, the minimum wage would be increased annually by $1.25 per hour or $1 per hour, plus any increase in the Consumer Price Index (CPI). After 2021 the wage would be increased by any upward change in the CPI. If the federal minimum wage is raised higher than the state, then the state minimum wage would be set to the federal standard and increases to the CPI would be applied to the federal wage rate.

This enormous increase will exacerbate the already outsized cost of doing business in New Jersey. Those costs put New Jersey second to last on both the Tax Foundation’s 2015 Business Tax Climate Index, and the Small Business & Entrepreneurship Council’s “Small Business Tax Index of 2015.”

Both of these bills have been moving quickly through the legislative process in the past 30-days, having each passed a Senate and Assembly Committee. After the Committee the bill was passed by the Assembly in a majority vote mainly along party lines with Democrats supporting and Republicans opposing the bill.

The Senate version (S-15) of the $15 minimum wage proposal, was referred to the Senate Budget & Appropriations Committee, but has not yet been scheduled for a vote.

Governor Chris Christie has threatened to veto the minimum wage increase if it reaches his desk, and the Assembly and Senate lack the votes to override the Governor’s veto. This will likely result in Senate President Sweeney working to put the proposal on the ballot for voter approval as a constitutional amendment in November of 2017, the same process used to attain the previous increase in the minimum wage.

Under this approach a simple majority vote could place the issue on the ballot at the November 2017 election. Assuming it then passes by a majority of the voters, the increase would begin in January of 2018. It is also believed, that under this approach lower wage voters would become active in that election, which will also coincide with the next N.J. Governor’s race.

NJBMDA will continue to fight with other business organizations against this job killing measure as it moves through the Legislature.

For additional information on this month’s legislative update, please contact Jeff Keller at 800-292-6752 or jkeller@nrla.org.