

ASSEMBLY BILL

No. 10

Introduced by Assembly Member Alejo

December 6, 2010

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, as of January 1, 2012, to not less than \$8.50 per hour.

This bill would provide for an adjustment to the hourly minimum wage on January 1, 2013, 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 require the Industrial Welfare Commission to publicize the automatically adjusted minimum wage.

This bill would prohibit its provisions from being construed either to preclude an increase in the minimum wage greater than the formula would provide or to result in a reduction in the minimum wage.

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:

1 1182.12. (a) Notwithstanding any other provision of this part,
2 on and after January 1, ~~2007~~ 2012, the minimum wage for all
3 industries shall be not less than ~~seven dollars and fifty cents (\$7.50)~~
4 ~~per hour, and on and after January 1, 2008, the minimum wage for~~
5 ~~all industries shall be not less than eight dollars (\$8.00) eight~~
6 ~~dollars and fifty cents (\$8.50) per hour.~~

7 (b) (1) *The minimum wage shall be automatically adjusted on*
8 *January 1 of each year, commencing on January 1, 2013, to*
9 *maintain employee purchasing power diminished by the rate of*
10 *inflation that occurred during the previous year.*

11 (2) *The minimum wage adjustment shall be made by multiplying*
12 *the minimum wage in effect on December 31 of the previous year*
13 *by the percentage of inflation that occurred during that year, and*
14 *by adding the product to the wage in effect during that year. The*
15 *resulting total shall be rounded off to the nearest five cents (\$0.05).*
16 *The Industrial Welfare Commission shall publicize the*
17 *automatically adjusted minimum wage.*

18 (3) *For purposes of this calculation, the following terms have*
19 *the following meanings:*

20 (A) *“Percentage of inflation” means the percentage of inflation*
21 *specified in the California Consumer Price Index for All Urban*
22 *Consumers, as published by the Department of Industrial Relations,*
23 *Division of Labor Statistics and Research, or its successor index.*

24 (B) *“Previous year” means the 12-month period that ends on*
25 *August 31 of the calendar year prior to the adjustment.*

26 (c) *This section shall not be construed either to preclude an*
27 *increase of the minimum wage by the Industrial Welfare*
28 *Commission in an amount that is greater than the rate calculated*
29 *pursuant to subdivision (b) or to result in a reduction in the*
30 *minimum wage.*