

AMENDED IN SENATE MAY 27, 2014

AMENDED IN SENATE MARCH 18, 2014

**SENATE BILL**

**No. 935**

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**Introduced by Senator Leno**  
**(Coauthors: Senators Steinberg and ~~de León~~ De León)**  
*(Coauthor: Assembly Member Ting)*

February 3, 2014

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

LEGISLATIVE COUNSEL'S DIGEST

SB 935, as amended, Leno. Minimum wage: annual adjustment.

Existing law requires that, on and after July 1, 2014, the minimum wage for all industries be not less than \$9 per hour. Existing law further increases the minimum wage, on and after January 1, 2016, to not less than \$10 per hour.

This bill would increase the minimum wage, on and after January 1, 2015, to not less than \$11 per hour, on and after January 1, 2016, to not less than \$12 per hour, and on and after January 1, 2017, to not less than \$13 per hour. The bill would require the automatic adjustment of the minimum wage annually thereafter, to maintain employee purchasing power diminished by the rate of inflation during the previous year. The adjustment would be calculated using the California Consumer Price Index, as specified. The bill would prohibit the Industrial Welfare Commission (IWC) from reducing the minimum wage and from adjusting the minimum wage if the average percentage of inflation for the previous year was negative. The bill would require the IWC to publicize the automatically adjusted minimum wage.

The bill would provide that its provisions not be construed to preclude the IWC from increasing the minimum wage to an amount greater than the calculation would provide or to preclude or supersede an increase of the minimum wage that is greater than the state minimum wage by any local government or tribal government.

The bill would apply to all industries, including public and private employment.

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, 2015, the minimum wage for all industries  
5 shall be not less than eleven dollars (\$11) per hour, on and after  
6 January 1, 2016, the minimum wage for all industries shall be not  
7 less than twelve dollars (\$12) per hour, and on and after January  
8 1, 2017, the minimum wage for all industries shall be not less than  
9 thirteen dollars (\$13) per hour.

10 (b) (1) Except as provided in paragraph (3), the minimum wage  
11 shall be automatically adjusted on January 1 of each year,  
12 commencing on January 1, 2018, to maintain employee purchasing  
13 power diminished by the rate of inflation that occurred during the  
14 previous year.

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

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

25 (4) For purposes of this subdivision:

26 (A) "Percentage rate of inflation" means the percentage rate of  
27 inflation specified in the California Consumer Price Index for All  
28 Urban Consumers, as published by the Department of Industrial

1 Relations, ~~Division of Labor Statistics and Research~~, *Office of*  
2 *Policy, Research and Legislation* or its successor index.

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

5 (c) The Industrial Welfare Commission shall not reduce the  
6 minimum wage prescribed by this section.

7 (d) This section shall not be construed to preclude an increase  
8 of the minimum wage by the Industrial Welfare Commission to  
9 an amount that is greater than the rate calculated pursuant to  
10 subdivision (b) or to preclude or supersede an increase of the  
11 minimum wage that is greater than the state minimum wage by  
12 any local government or tribal government.

13 (e) This section applies to all industries, including public and  
14 private employment.