

AMENDED IN SENATE MARCH 11, 2015

**SENATE BILL**

**No. 3**

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**Introduced by Senators Leno and Leyva  
(Principal coauthor: Senator De León)**

**(Coauthors: Senators Hancock and McGuire)**

*(Coauthors: Assembly Members Gonzalez, McCarty, Mark Stone, and Ting)*

December 1, 2014

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

LEGISLATIVE COUNSEL'S DIGEST

SB 3, as amended, Leno. Minimum wage: adjustment.

Existing law *provides that it is the continuing duty of the Industrial Welfare Commission to ascertain the wages paid to all employees in this state, to ascertain the hours and conditions of labor and employment in the various occupations, trades, and industries in which employees are employed in this state, and to investigate the health, safety, and welfare of those employees. Existing law establishes the Division of Labor Standards Enforcement in the Department of Industrial Relations for the enforcement of labor laws, including minimum wage fixed by statute and the wage orders of the Industrial Welfare Commission. 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, 2016, to not less than \$11 per hour, *and on and after July 1, 2017, to not less than \$13 per hour. The bill would ~~require~~ require, commencing*

*January 1, 2019, the annual automatic adjustment of the minimum wage, commencing January 1, 2019, wage 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) commission from adjusting reducing the minimum wage downward and from adjusting the minimum wage if the average percentage of inflation for the previous year was negative. The bill would require the IWC Division of Labor Standards Enforcement to publicize the automatically adjusted minimum wage.*

The bill would provide that its provisions not be construed to preclude an increase in the minimum wage by the IWC commission to an amount greater than the formula would provide, to result in a reduction in the minimum wage, or to preclude or supersede an increase of the minimum wage by any local government or tribal government that is greater than the state minimum wage by any local government or tribal government. wage.

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 July 1, 2014, the minimum wage for all industries  
5 shall be not less than nine dollars (\$9) per hour, on and after  
6 January 1, 2016, the minimum wage for all industries shall be not  
7 less than eleven dollars (\$11) per hour, and on and after July 1,  
8 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), commencing on  
11 January 1, 2019, the minimum wage shall be automatically  
12 adjusted on January 1 of each year, commencing on January 1,  
13 2019, year to maintain employee purchasing power diminished  
14 by the rate of inflation that occurred during the 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

1 by the percentage rate of inflation that occurred during that year,  
2 and by adding the product to the wage in effect during that year.  
3 The resulting total shall be rounded off to the nearest five cents  
4 (\$0.05). The ~~Industrial Welfare Commission~~ *Division of Labor*  
5 *Standards Enforcement* shall publicize the automatically adjusted  
6 minimum wage.

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

10 (4) For purposes of this subdivision:

11 (A) "Percentage rate of inflation" means the percentage rate of  
12 inflation specified in the California Consumer Price Index for All  
13 Urban Consumers, as published by the Department of Industrial  
14 Relations, Office of Policy, Research and Legislation, or its  
15 successor index.

16 (B) "Previous year" means the 12-month period that ends on  
17 August 31 of the calendar year prior to the adjustment.

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

20 (d) This section shall not be construed to preclude an increase  
21 of the minimum wage by the Industrial Welfare Commission to  
22 an amount that is greater than the rate calculated pursuant to  
23 subdivision (b) or to preclude or supersede an increase of the  
24 minimum wage *by any local government or tribal government* that  
25 is greater than the state minimum wage ~~by any local government  
26 or tribal government.~~ *wage.*

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