



August 1, 2006

House Minimum Wage Bill Will Lower Wages in Washington

The federal minimum wage increase passed by the House of Representatives on Saturday, July 29, 2006 will lower wages for many workers in Washington state. The bill nullifies state minimum wage provisions for any workers earning \$30 or more in tips a month.

Restaurant workers, hotel maids, hairdressers, coffee shop workers with a tip jar on the counter, and anyone else earning tips would only be entitled to the federal minimum wage for tipped employees – currently \$2.13 per hour. Tips are supposed to make up the difference to the standard minimum wage. However under the House bill, tips would only have to bring earnings up to the federal minimum wage, not the state minimum, unless the state passes a new law that allows tips to be counted toward the state minimum wage. Federal minimum wage is currently \$5.15. Under the House bill the federal minimum wage would rise to \$5.85 on January 1, 2007, go to \$6.55 in 2008 and to \$7.25 in 2009.

Under Washington's minimum wage law, all workers are entitled to the full minimum wage of \$7.63 per hour plus their tips, and the minimum wage rises each year with inflation. These provisions were passed overwhelmingly by voters in 1998 with majorities in every county in the state. Restaurants and bars, with 195,000 workers statewide, employ the bulk of the state's tipped workers. The restaurant industry has been booming under Washington's minimum wage law. Restaurants added 8,000 new jobs in 2005 and have grown by an additional 9,000 new jobs so far in 2006. Most of these workers are adults, supporting themselves and their families. About two thirds of waiters and waitresses are over age 25 and nearly 20% are over age 45.

Alaska, California, Minnesota, Montana, Nevada, and Oregon would also lose state protections for tipped workers. If HR 5970 becomes law, workers in Washington and these 6 other states will see their guaranteed wage levels drop dramatically.

HR 5970 is a bad proposal for working people in Washington.