

**ASSEMBLY BILL**

**No. 71**

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**Introduced by Assembly Member Dymally**

December 4, 2006

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

LEGISLATIVE COUNSEL'S DIGEST

AB 71, as introduced, Dymally. Minimum wage adjustment.

Under existing law, the minimum wage is \$7.50 per hour on and after January 1, 2007, and \$8.00 per hour on and after January 1, 2008. Existing law authorizes the Industrial Welfare Commission to determine minimum wages in accordance with a prescribed procedure that includes the selection of wage boards to consider and make recommendations regarding wage issues.

This bill would, beginning January 1, 2009, provide for the automatic adjustment of the minimum wage on January 1 of each year, which would be calculated by multiplying the minimum wage by the previous year's percentage of inflation.

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, 2007, the minimum wage for all industries  
5 shall be not less than seven dollars and fifty cents (\$7.50) per hour,

1 and on and after January 1, 2008, the minimum wage for all  
2 industries shall be not less than eight dollars (\$8.00) per hour.

3 (b) (1) *The minimum wage shall be automatically adjusted each*  
4 *January 1, beginning January 1, 2009, to maintain employee*  
5 *purchasing power, which would otherwise be diminished by the*  
6 *percentage of inflation that occurred during the previous year.*

7 (2) *The minimum wage shall be automatically adjusted by*  
8 *multiplying the minimum wage in effect on the prior June 30 by*  
9 *the percentage of inflation that occurred during the previous year,*  
10 *adding this amount of increase to the wage from the previous year,*  
11 *and rounding off the product to the nearest five cents (\$0.05). The*  
12 *Industrial Welfare Commission shall publicize the automatically*  
13 *adjusted minimum wage, but if it cannot, then the Department of*  
14 *Industrial Relations shall do so.*

15 (c) *For purposes of subdivision (b), the following terms have*  
16 *the following meanings:*

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

21 (2) *“Previous year” means the 12-month period that ended on*  
22 *March 31 of the calendar year prior to the adjustment.*

23 (d) *This section may not be construed to either preclude an*  
24 *increase of the minimum wage by the Industrial Welfare*  
25 *Commission in an amount that is greater than the rate calculated*  
26 *pursuant to subdivision (b) or to permit a reduction in the minimum*  
27 *wage.*