

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

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 introduced, Leno. Minimum wage: 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, 2016, to not less than \$11 per hour, on and after July 1, 2017, to not less than \$13 per hour. The bill would require the annual automatic adjustment of the minimum wage, commencing January 1, 2019, 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 adjusting 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 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 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

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 July 1, 2014, the minimum wage for all industries  
 5 shall be not less than nine dollars (\$9) per hour, ~~and~~ on and after  
 6 January 1, 2016, the minimum wage for all industries shall be not  
 7 less than ~~ten dollars (\$10) per~~ *eleven dollars (\$11) per hour, and*  
 8 *on and after July 1, 2017, the minimum wage for all industries*  
 9 *shall be not less than 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, 2019, 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*  
 27 *of inflation specified in the California Consumer Price Index for*  
 28 *All Urban Consumers, as published by the Department of Industrial*  
 29 *Relations, Office of Policy, Research and Legislation, or its*  
 30 *successor index.*

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

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

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

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