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## 2007 GENERAL ASSEMBLY

# Is minimum wage hike up to the state?

## PARTIES SPLIT OVER INCREASE BEING LEFT UP TO CONGRESS

By Sarah Vos  
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Since Kentucky Democrats announced last fall they wanted to raise the state's minimum wage, both houses of Congress have passed versions of an increase to the federal minimum wage.

But they haven't come to an agreement yet -- the U.S. Senate added tax breaks for small businesses, the U.S. House didn't -- and even if they do before Kentucky's legislative session starts Tuesday, state House Democrats say they plan to push for an increase to Kentucky's minimum wage.

"We need to proceed forward with full speed," said Rep. J.R. Gray, D-Benton. Gray is chairman of the Labor and Industry Committee, which has jurisdiction over minimum wage. "Congress has sat on their duff since 1997 and did nothing to help these lower-paid people."

Right now, Kentucky's minimum wage, set at \$5.15 an hour, is tied to the federal minimum wage, which hasn't risen since 1997. Since then, 30 states and the District of Columbia have raised their minimum wages above the federal one.

The fate of Kentucky's measure probably lies in the Republican-controlled Senate. Senate President David Williams, R-Burkesville, said it was unnecessary to raise the minimum wage in Kentucky when the U.S. Congress was handling it.

"That kind of moots the issue," said Williams, who also thinks increases to the minimum wage should be given at the federal level.

A raise for the federal minimum wage is not assured. Both the U.S. Senate and the U.S. House have passed bills raising the minimum wage to \$7.25 over two years. The Senate version contains \$8.3 billion in tax breaks for small businesses, and House Democrats want a bill without any add-ons.

State Sen. Ernesto Scorsone, D-Lexington, said the fate of Kentucky's bill depends on what happens in Washington. If an increase is signed into law, the issue will lose its momentum here. But nothing is assured in Washington, he said.

"If it stalls before our session is over, it's important that we act," said Scorsone, who sponsored a minimum wage bill in the Senate. "We shouldn't adjourn our session without resolving that issue."

In the Kentucky House, four bills have been filed addressing minimum wage. One, which Scorsone filed in the Senate, is similar to the federal bill and would raise the minimum wage to \$7.25 by July 2009. Another would raise the minimum wage to \$7 by July 2008.

A third, sponsored by Gray, would raise the minimum wage to \$7 by July 2007, provide for yearly cost-of-living adjustments based on inflation and abolish the tip credit. The tip credit allows businesses to pay tipped employees \$2.13 an hour, provided they earn enough tips to make minimum wage. A fourth bill addresses only the tip credit, increasing it to 60 percent of the minimum wage.

A state minimum wage would go into effect earlier than a federal one, said House Speaker Jody Richards, D-Bowling Green.

"If you think \$5.15 an hour is a livable wage, it's not worth passing," he said. "But if you think it isn't, it's worth passing."

Any changes to Kentucky's minimum wage are opposed by business groups like the Kentucky Restaurant Association and the Kentucky Chamber of Commerce.

"We're opposed to the government setting what the market should dictate," said Stacy Roof, president and CEO of the restaurant association.

At the Kentucky Chamber of Commerce, the fact that Congress seems poised to pass a minimum wage means that the state legislature can address other issues that prevent people from finding better paying jobs.

"It gives us the opportunity to focus on providing the education opportunities and skills," said Mike Ridenour, vice president of public affairs for the chamber.

But a coalition of low-income advocates, faith-based organizations and others have lined up behind Gray's bill.

Passing a Kentucky bill is important to address cost-of-living increases and changes in the tip credit, which are not in the federal bills, said Ed Monahan, executive director of the Catholic Conference of Kentucky.

A change to the federal law is not assured, he said. "We can't sit here in Kentucky and depend on that."

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