## ASSEMBLY BILL NO. 356-ASSEMBLYWOMAN GIUNCHIGLIANI

## MARCH 17, 2003

## Referred to Committee on Commerce and Labor

SUMMARY—Revises various provisions relating to establishment of living wage and certain benefits for certain employees in private employment. (BDR 53-682)

FISCAL NOTE: Effect on Local Government: Yes. Effect on the State: Yes.

1

5

6

7

~

EXPLANATION - Matter in bolded italics is new; matter between brackets [omitted material] is material to be omitted.

AN ACT relating to labor; increasing the minimum wage that must be paid to certain employees in private employment; requiring annual adjustment by the Labor Commissioner of the minimum wage under certain circumstances; requiring the Department of Employment, Training and Rehabilitation to perform certain calculations with respect to the cost of living for working families within the State; revising provisions relating to the eligibility of certain new and expanded businesses for certain tax abatements; imposing certain requirements relating to the provision of family health care to the employees and dependents of certain larger grocery stores; providing a penalty; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 608.250 is hereby amended to read as follows: 608.250 1. Except as otherwise provided in this section, the [Labor Commissioner shall, in accordance with federal law, establish by regulation the] minimum wage which [may] must be paid to employees in private employment within the State [.] is:

(a) For employees who are 18 years of age or older, a base amount of \$6.15 per hour, plus any increase prescribed by the

Labor Commissioner pursuant to subsection 2.



- (b) For employees who are under 18 years of age, a base amount of \$5.38 per hour, plus any increase prescribed by the Labor Commissioner pursuant to subsection 2.
- 4 For the purposes of determining the total minimum wage required 5 to be paid pursuant to this subsection, any increases prescribed by 6 the Labor Commissioner pursuant to subsection 2 on July 1, 2004, 7 and each July 1 thereafter must be added cumulatively to the base 8 amounts set forth in this subsection.
  - 2. The Labor Commissioner shall, on July 1, 2004, and each July 1 thereafter, prescribe by regulation increases in the minimum wage in accordance with [those prescribed by federal law, unless he determines that those increases are contrary to the public interest.
  - 2.] and equal to the percentage increase, if any, in the Consumer Price Index (All Items) for the year ending on December 31 immediately preceding the fiscal year for which the increase is calculated.
    - 3. The provisions of subsection 1 do not apply to:
    - (a) Casual babysitters.

- (b) Domestic service employees who reside in the household where they work.
- (c) Outside salespersons whose earnings are based on commissions.
- (d) Employees engaged in an agricultural pursuit for an employer who did not use more than 500 man-days of agricultural labor in any calendar quarter of the preceding calendar year.
  - (e) Taxicab and limousine drivers.
- (f) Severely handicapped persons whose disabilities have diminished their productive capacity in a specific job and who are specified in certificates issued by the Rehabilitation Division of the Department of Employment, Training and Rehabilitation.
- [3.] 4. It is unlawful for any person to employ, cause to be employed or permit to be employed, or to contract with, cause to be contracted with or permit to be contracted with, any person for a wage less than that [established by the Labor Commissioner pursuant to the provisions of] provided in this section.
  - **Sec. 2.** NRS 608.260 is hereby amended to read as follows:
- 608.260 If any employer pays any employee a lesser amount than the minimum wage prescribed [by regulation of the Labor Commissioner] pursuant to the provisions of NRS 608.250, the employee may, at any time within 2 years, bring a civil action to recover the difference between the amount paid to the employee and the amount of the minimum wage. A contract between the employer and the employee or any acceptance of a lesser wage by the employee is not a bar to the action.



- **Sec. 3.** Chapter 232 of NRS is hereby amended by adding thereto a new section to read as follows:
- 1. For the purpose of determining the cost of living for working families within this state, the Department shall, on or before January 31 of each year, calculate budgets for five separate types of family units:
  - (a) A household consisting of a single person;
  - (b) A household consisting of one parent and one child;
  - (c) A household consisting of one parent and two children;
  - (d) A household consisting of two parents and one child; and
  - (e) A household consisting of two parents and two children.
- 2. For the purpose of determining the efficacy of tax incentives and other incentives with respect to the creation of jobs within this state that pay livable wages, as determined pursuant to subsection 4, the Department shall, on or before January 31 of each year:
- (a) Identify each business, company or corporation that has received an incentive, including, without limitation, a tax abatement, to relocate within this state or to expand its operations within this state; and
- (b) Calculate the number of jobs created within this state by each of the businesses, companies and corporations that received the incentives described in paragraph (a). The calculations required pursuant to this paragraph must include or be accompanied by an assessment of:
- (1) The average wage of nonmanagerial employees paid by the applicable business, company or corporation that received the incentive;
- (2) The health care benefits offered to nonmanagerial employees by the applicable business, company or corporation that received the incentive; and
- (3) The particular type of incentive and amount of incentive received by the applicable business, company or corporation.
- 3. The budgets calculated pursuant to subsection 1 must measure living expenses in the following areas:
  - (a) Food;

3

4

5

7 8

9

10

11

12 13

15

16 17

18 19

21 22

23

25

26

27

28

29

30

33 34

35 36

37 38

39

41

42

- (b) Housing and utilities;
- (c) Health care;
- (d) Transportation;
- 40 *(e) Child care*;
  - (f) Miscellaneous expenses, including, without limitation, expenses for cleaning products, clothing and personal spending;
    - (g) Savings and investment; and
- 44 (h) Taxes, including, without limitation, federal, sales and 45 payroll taxes.



- 4. The Department shall, on or before May 31 of each year:
- (a) Using the budgets calculated pursuant to subsection 1, determine an estimated livable wage for each of the types of family units described in that subsection; and
- (b) Identify the percentage of jobs within this state that pay the estimated livable wages determined pursuant to paragraph (a).
- 5. The Department shall, by regulation, set forth its assumptions and methodology with respect to the calculations and determinations required pursuant to this section.
- **Sec. 4.** NRS 232.900 is hereby amended to read as follows: 232.900 As used in NRS 232.900 to 232.960, inclusive, *and section 3 of this act*, unless the context otherwise requires:
- 1. "Department" means the Department of Employment, Training and Rehabilitation.
  - 2. "Director" means the Director of the Department.
  - **Sec. 5.** NRS 360.750 is hereby amended to read as follows:
- 360.750 1. A person who intends to locate or expand a business in this state may apply to the Commission on Economic Development for a partial abatement of one or more of the taxes imposed on the new or expanded business pursuant to chapter 361, 364A or 374 of NRS.
- 2. The Commission on Economic Development shall approve an application for a partial abatement if the Commission makes the following determinations:
  - (a) The business is consistent with:

- (1) The State Plan for Industrial Development and Diversification that is developed by the Commission pursuant to NRS 231.067; and
  - (2) Any guidelines adopted pursuant to the State Plan.
- (b) The applicant has executed an agreement with the Commission which states that the business will, after the date on which a certificate of eligibility for the abatement is issued pursuant to subsection [5,] 6, continue in operation in this state for a period specified by the Commission, which must be at least 5 years, and will continue to meet the eligibility requirements set forth in this subsection. The agreement must bind the successors in interest of the business for the specified period.
- (c) The business is registered pursuant to the laws of this state or the applicant commits to obtain a valid business license and all other permits required by the county, city or town in which the business operates.
- (d) Except as otherwise provided in NRS 361.0687, if the business is a new business in a county whose population is 100,000 or more or a city whose population is 60,000 or more, the business meets [at least two of] the following requirements:



(1) [The business will have 75 or more full time employees on the payroll of the business by the fourth quarter that it is in operation.

- (2) Establishing the business will require the business to make a capital investment of at least \$1,000,000 in this state.
- (3) The average hourly wage that will be paid by the new business to its employees in this state is at least 100 percent of the average statewide hourly wage as established by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year and:
- (I) The business will provide a health insurance plan for all employees that includes an option for health insurance coverage for dependents of the employees; and
- (II) The cost to the business for the benefits the business provides to its employees in this state will meet the minimum requirements for benefits established by the Commission by regulation pursuant to subsection [9.] 10; and
- (2) The business will have 75 or more full-time employees on the payroll of the business by the fourth quarter that it is in operation, or establishing the business will require the business to make a capital investment of at least \$1,000,000 in this state.
- (e) Except as otherwise provided in NRS 361.0687, if the business is a new business in a county whose population is less than 100,000 or a city whose population is less than 60,000, the business meets [at least two of] the following requirements:
- (1) [The business will have 25 or more full time employees on the payroll of the business by the fourth quarter that it is in operation.
- (2) Establishing the business will require the business to make a capital investment of at least \$250,000 in this state.
- (3) The average hourly wage that will be paid by the new business to its employees in this state is at least 100 percent of the average statewide hourly wage as established by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year and:
- (I) The business will provide a health insurance plan for all employees that includes an option for health insurance coverage for dependents of the employees; and
- (II) The cost to the business for the benefits the business provides to its employees in this state will meet the minimum requirements for benefits established by the Commission by regulation pursuant to subsection [9.] 10; and
- (2) The business will have 25 or more full-time employees on the payroll of the business by the fourth quarter that it is in



operation, or establishing the business will require the business to make a capital investment of at least \$250,000 in this state.

- (f) If the business is an existing business, the business meets [at least two of] the following requirements:
- (1) [The business will increase the number of employees on its payroll by 10 percent more than it employed in the immediately preceding fiscal year or by six employees, whichever is greater.
- (2) The business will expand by making a capital investment in this state in an amount equal to at least 20 percent of the value of the tangible property possessed by the business in the immediately preceding fiscal year. The determination of the value of the tangible property possessed by the business in the immediately preceding fiscal year must be made by the:
- (I) County assessor of the county in which the business will expand, if the business is locally assessed; or
  - (II) Department, if the business is centrally assessed.
- (3)] The average hourly wage that will be paid by the existing business to its new employees in this state is at least 100 percent of the average statewide hourly wage as established by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year and:
- (I) The business will provide a health insurance plan for all new employees that includes an option for health insurance coverage for dependents of the employees; and
- (II) The cost to the business for the benefits the business provides to its new employees in this state will meet the minimum requirements for benefits established by the Commission by regulation pursuant to subsection [9].
- <del>--3.]</del> 10; and

- (2) The business will:
- (I) Increase the number of employees on its payroll by 10 percent more than it employed in the immediately preceding fiscal year or by six employees, whichever is greater; or
- (II) Expand by making a capital investment in this state in an amount equal to at least 20 percent of the value of the tangible property possessed by the business in the immediately preceding fiscal year. The determination of the value of the tangible property possessed by the business in the immediately preceding fiscal year must be made by the county assessor of the county in which the business will expand, if the business is locally assessed, or must be made by the Department, if the business is centrally assessed.
- 3. For the purposes of determining, pursuant to paragraphs (d), (e) and (f) of subsection 2, whether a business will pay an average hourly wage that is at least 100 percent of the average



statewide hourly wage as established by the Employment Security Division of the Department of Employment, Training and Rehabilitation, the wages to be paid to that portion of the projected workforce of the business who will constitute the most highly compensated 20 percent of employees of that business must not be considered.

- **4.** Notwithstanding the provisions of subsection 2, the Commission on Economic Development may:
- (a) Approve an application for a partial abatement by a business that does not meet the requirements set forth in paragraph (d), (e) or (f) of subsection 2;
- (b) Make the requirements set forth in paragraph (d), (e) or (f) of subsection 2 more stringent; or
- (c) Add additional requirements that a business must meet to qualify for a partial abatement, if the Commission determines that such action is necessary.
- [4.] 5. If a person submits an application to the Commission on Economic Development pursuant to subsection 1, the Commission shall provide notice to the governing body of the county and the city or town, if any, in which the person intends to locate or expand a business. The notice required pursuant to this subsection must set forth the date, time and location of the hearing at which the Commission will consider the application.
- [5.] 6. If the Commission on Economic Development approves an application for a partial abatement, the Commission shall immediately forward a certificate of eligibility for the abatement to:
  - (a) The Department;

- (b) The Nevada Tax Commission; and
- (c) If the partial abatement is from the property tax imposed pursuant to chapter 361 of NRS, the county treasurer.
- [6.] 7. An applicant for a partial abatement pursuant to this section or an existing business whose partial abatement is in effect shall, upon the request of the Executive Director of the Commission on Economic Development, furnish the Executive Director with copies of all records necessary to verify that the applicant meets the requirements of subsection 2.
- [7.] 8. If a business whose partial abatement has been approved pursuant to this section and is in effect ceases:
  - (a) To meet the requirements set forth in subsection 2; or
- (b) Operation before the time specified in the agreement described in paragraph (b) of subsection 2,
- the business shall repay to the Department or, if the partial abatement was from the property tax imposed pursuant to chapter 361 of NRS, to the county treasurer, the amount of the exemption that was allowed pursuant to this section before the failure of the



business to comply unless the Nevada Tax Commission determines that the business has substantially complied with the requirements of this section. Except as otherwise provided in NRS 360.232 and 360.320, the business shall, in addition to the amount of the exemption required to be paid pursuant to this subsection, pay interest on the amount due at the rate most recently established pursuant to NRS 99.040 for each month, or portion thereof, from the last day of the month following the period for which the payment would have been made had the partial abatement not been approved until the date of payment of the tax.

[8.] 9. A county treasurer:

2

5

10

11

12 13

14

15

16

17

18

19 20

21 22

23 24 25

26 27

28

29

30

32 33

34

35

36

37

38

39

40

41

42

44

- (a) Shall deposit any money that he receives pursuant to subsection [7] 8 in one or more of the funds established by a local government of the county pursuant to NRS 354.6113 or 354.6115; and
- (b) May use the money deposited pursuant to paragraph (a) only for the purposes authorized by NRS 354.6113 and 354.6115.
  - [9.] 10. The Commission on Economic Development:
  - (a) Shall adopt regulations relating to:
- (1) The minimum level of benefits that a business must provide to its employees if the business is going to use benefits paid to employees as a basis to qualify for a partial abatement; and
- (2) The notice that must be provided pursuant to subsection
- (b) May adopt such other regulations as the Commission on Economic Development determines to be necessary to carry out the provisions of this section.

[10.] 11. The Nevada Tax Commission:

- (a) Shall adopt regulations regarding:
- (1) The capital investment that a new business must make to meet the requirement set forth in paragraph (d) or (e) of subsection
- (2) Any security that a business is required to post to qualify for a partial abatement pursuant to this section.
- (b) May adopt such other regulations as the Nevada Tax Commission determines to be necessary to carry out the provisions of this section.
- [11.] 12. An applicant for an abatement who is aggrieved by a final decision of the Commission on Economic Development may petition for judicial review in the manner provided in chapter 233B of NRS.
- **Sec. 6.** Chapter 446 of NRS is hereby amended by adding 43 thereto the provisions set forth as sections 7 and 8 of this act.
  - Sec. 7. The Legislature hereby finds and declares that:



- 1. It is vital to public health to ensure that workers who handle food for retail sale are not afflicted with contagious illnesses. However, the resources available to state and local agencies and officers who regulate health are insufficient to ensure that those workers do not work during such times as they may be afflicted with contagious illnesses. Furthermore, the larger the store or business in which workers handle food for retail sale, the more difficult it is for state and local agencies and officers who regulate health to ensure that workers who handle food for retail sale are healthy. Thus, it is the sense of the Legislature on this matter that preventing contagious illness among such workers is more efficacious than efforts related to inspection.
- 2. Most retailers of food prevent the problems described in subsection 1 by providing their employees and the families of their employees with full medical benefits and paid sick leave. However, a small number of retailers of food do not provide such benefits, resulting in a concomitant ability of those retailers to sell food at a lower price which, in turn, exerts pressure on the retailers of food who do provide such benefits to cease providing those benefits in an effort to remain competitive with respect to the price at which they are able to sell food. As a result, workers who handle food for retail sale and are not afforded such benefits or lose such benefits may, through contracting contagious illnesses, impose a burden upon charitable institutions and programs of health that are financed publicly.
- 3. The selling of food at retail can be a profitable business and it is therefore unfair that certain retailers of food, through a policy of not providing their employees and the families of their employees with full medical benefits and paid sick leave, shift the burden of paying for such health care to charitable institutions and programs of health that are supported by the contributions of taxpayers.
- 4. It is a common practice for governmental agencies to condition the granting of permits or contracts to businesses on the basis of such businesses indemnifying the agency or providing proof of insurance, or both. The Legislature further finds that a similar approach is warranted with respect to the granting of health permits to large grocery stores.
- 5. This section and section 8 of this act do not require a retailer of food to establish a health plan or to modify an existing health plan, because the responsibilities of such a retailer pursuant to those provisions may be met instead from the general assets of the retailer.



- Sec. 8. 1. As a condition to receiving or renewing a valid permit issued by the health authority, as required by NRS 446.870, a food establishment that is a large grocery store must:
- 4 (a) Indemnify all potentially affected governmental agencies 5 for any significant expense incurred by those agencies in 6 providing family health care; and
  - (b) Provide to the health authority proof of the indemnification required pursuant to paragraph (a).
  - 2. The proof required to be provided pursuant to paragraph (b) of subsection 1 may be presented in one of the following forms:
  - (a) Evidence that the large grocery store has established a benefits plan that provides for family health care;
  - (b) Evidence that the large grocery store is signatory to a collective bargaining agreement that provides for family health care:
  - (c) Documentary proof from each employee of the large grocery store, demonstrating that the store provides insurance for family health care; or
  - (d) A written commitment from the large grocery store to provide the indemnification required pursuant to paragraph (a) of subsection 1, accompanied by proof of assets deemed sufficient by the Attorney General to cover any significant expense incurred by governmental agencies in providing family health care.
    - 3. It is unlawful for any person to:

2

9

10

11

12 13

14

15

16

17 18

19

21 22

23

24

25

26

27

28

29

30

33

34 35

36 37

38

39

40

41

- (a) Deprive or threaten to deprive an employee of his employment;
- (b) Take or threaten to take any reprisal or retaliatory action against the employee; or
- (c) Directly or indirectly intimidate, threaten, coerce, command or influence or attempt to intimidate, threaten, coerce, command or influence the employee,
- in an attempt to prevent the employee from receiving family health care pursuant to this section or in an attempt to penalize or punish the employee for receiving family health care pursuant to this section.
- 4. In addition to the acts prohibited pursuant to subsection 3, it is unlawful for any person to reduce or otherwise alter the working hours of an employee for the sole purpose of preventing that employee from receiving family health care pursuant to this section.
- 5. A person who violates the provisions of subsection 3 or 4 is guilty of a misdemeanor.
- 43 6. Any person, governmental agency or organization may 44 commence an action in any district court in this state to enforce 45 the provisions of this section not less than 1 year after the date of



the occurrence or termination of an alleged violation of any of those provisions. If the court determines that any of the provisions of this section have been violated by the defendant and that the plaintiff or the person represented by the plaintiff has been injured thereby, the court may enjoin the defendant from continued violation or may take such other affirmative action as may be appropriate and, in the case of a prevailing plaintiff, may award to the plaintiff actual damages, punitive damages, court costs and a reasonable attorney's fee.

- 7. If a food establishment claims that it does not employ a sufficient number of food handlers to be classified as a large grocery store, the health authority may, in order to verify or refute the claim, inspect such records of the food establishment as the health authority determines necessary.
  - 8. As used in this section:

2

5

7

9

10

11

12 13

14

15

16 17

18 19

20

21

22

23

24 25

27

28

29

30

31

33 34

35

36

37 38

39

41

44

- (a) "Employee" means an employee of a large grocery store. The term does not include a person who:
- (1) Has been employed by a large grocery store for fewer than 4 months; or
- (2) Is employed by a large grocery store for fewer than an average of 80 hours in any calendar month.
- (b) "Family health care" means, at a minimum, an annual physical examination, treatment for potentially contagious illnesses and care for the other medical needs of each employee, the spouse of the employee and each dependent living in the same household as the employee. The term does not include any medical procedure or treatment which is solely optional or solely cosmetic.
- (c) "Governmental agency" means an agency of federal, state or local government.
- (d) "Large grocery store" means a food establishment, including, without limitation, a subcontractor, tenant or subtenant of a food establishment, that:
  - (1) Sells food primarily for off-site consumption; and
- (2) Employs, in any 1 calendar week, or is likely to employ, in any 1 calendar year, more than 20 food handlers.
  - (e) "Reprisal or retaliatory action" includes:
    - (1) The denial of adequate personnel to perform duties;
    - (2) Frequent replacement of members of the staff;
- (3) Frequent and undesirable changes in the location of an 40 office;
  - (4) The refusal to assign meaningful work;
- 42 (5) The issuance of letters of reprimand or evaluations of 43 poor performance;
  - (6) A demotion:
  - (7) A reduction in pay;



- (8) The denial of a promotion;
- (9) A suspension;
- (10) A dismissal;
- (11) A transfer; or

2

3

4 5

6

10

11

12 13

14 15

16 17

18 19

20

21

22

23

2425

26 27

28

29

31

33

34

35 36

37

38

39 40

41

- (12) Frequent changes in working hours or workdays.
- (f) "Significant expense" means any costs in excess of \$500 that a governmental agency incurs in any 1 calendar year to pay for health care for the employees of any one large grocery store, their spouses or other dependents.
  - **Sec. 9.** NRS 446.875 is hereby amended to read as follows:
- 446.875 1. Any person desiring to operate a food establishment must make written application for a permit on forms provided by the health authority. The application must include:
  - (a) The applicant's full name and post office address.
- (b) A statement whether the applicant is a natural person, firm or corporation, and, if a partnership, the names of the partners, together with their addresses.
- (c) A statement of the location and type of the proposed food establishment.
  - (d) The signature of the applicant or applicants.
- (e) If the food establishment is a large grocery store, the proof of indemnification required pursuant to subsections 1 and 2 of section 8 of this act.
- 2. An application for a permit to operate a temporary food establishment must also include the inclusive dates of the proposed operation.
- 3. Upon receipt of such an application, the health authority shall make an inspection of the food establishment to determine compliance with the provisions of this chapter. When inspection reveals that the applicable requirements of this chapter have been met, the health authority shall issue a permit to the applicant.
- 4. A permit to operate a temporary food establishment may be issued for a period not to exceed 14 days.
  - 5. A permit issued pursuant to this section:
- (a) Is not transferable from person to person or from place to place.
  - (b) Must be posted in every food establishment.
- **Sec. 10.** The administrative regulation adopted by the Labor Commissioner which is codified as NAC 608.110 is hereby declared void. In preparing the supplements to the Nevada Administrative Code on or after July 1, 2003, the Legislative Counsel shall remove that regulation.
- Sec. 11. 1. This section and sections 6 to 9, inclusive, of this act become effective upon passage and approval.



 $1\,$  2. Sections 1 to 5, inclusive, and 10 of this act become 2 effective on July 1, 2003.



