

INITIATIVE NO. 151

Bozeman Area Chamber of Commerce Board of Directors Opposes Initiative 151 - Minimum Wage Increase

October 30, 2006 - This measure raises the state minimum wage to the greater of either \$6.15 an hour or the federal minimum wage. This measure also adds an annual cost-of-living adjustment to the state minimum wage. Under existing law, the state minimum wage is equal to the federal minimum wage, which is \$5.15 an hour with no cost of living adjustment. This measure does not change the \$4 an hour minimum wage for a business whose annual gross sales are \$110,000 or less. This measure would take effect Jan. 1, 2007.

The Bozeman Chamber opposes I-151 due to the provision which would tie annual wage increases to the inflationary Consumer Price Index (CPI). On top of the initial one dollar increase - a 19% increase - the inflationary index would annually hike labor costs forever.

The CPI is calculated using price increases in 87 urban areas around the country. Not one of those areas is in Montana. Additionally, three of Montana's neighboring states, North Dakota, South Dakota and Wyoming, are not included in the CPI calculations. The logic is, then, that the CPI in major metropolitan areas would dictate the minimum wage in areas such as Ekalaka, MT.

In the past 6 legislative sessions there have been minimum wage increases proposed as legislation. During that time the Chamber's position has been to oppose a mandated state minimum wage that is higher than the federal level.

The Bozeman Chamber has been on record for more than 12 years as opposing a state minimum wage that is different than the federal minimum wage. This position is shared by the Montana, Missoula, Billings, Great Falls, Helena and Kalispell chambers. The Chamber has also staunchly opposed living wage ordinances.

At the June 2006 Eggs & Issues, members were asked to say whether or not they supported the Chamber's current position on the minimum wage - the vote was 15 in favor and 7 opposed to the current position.

In the Gallatin County labor force area, most entry-level wages are above \$7/hour.

In previous surveys our members indicated that when wages are forced up they compensate by either reducing hours or raising prices.