

**May 29, 2007**

## **BSCAI Legislative Update - Minimum Wage and Immigration Reform**

The U.S. House of Representatives and U.S. Senate have adjourned until June 4 for the Memorial Day recess. The last several weeks of Congressional session included significant legislative activity on issues of critical importance to BSCAI members, including an increase to the federal minimum wage, and Senate consideration of a comprehensive immigration reform bill. BSCAI's Government Affairs team has been actively engaged in these efforts, and expects to be working throughout the coming weeks with coalition partners to ensure that BSCAI's voice is heard on these key debates.

### ***Minimum Wage***

In an effort to secure sufficient bipartisan support for the Iraq spending bill, Democrats included provisions in the legislation that would increase the minimum wage to \$7.25 between now and 2009. This legislation passed the House and Senate last night, and is expected to be signed into law in short order by the President. Under the new minimum wage provisions, the federal minimum wage will increase to \$5.85 per hour effective in late July 2007. In July 2008, the minimum wage will increase again to \$6.55 per hour, with a final increase to \$7.25 per hour in July 2009.

In addition to the minimum wage increase, the Iraq spending bill also contained a series of small business tax incentives, including:

- Extension of the Work Opportunity Tax Credit;
- A retroactive extension and expansion of expensing for small business; and
- Modifications to the treatment of S Corporation income.

### ***Immigration Reform***

The Senate has again begun the process of debating legislation to reform the U.S. immigration system, including the creation of a temporary guest worker program, and provisions for the legalization of many immigrants already in the U.S. In addition, Title III of the proposed bill would impose new requirements on all employers, including BSCAI members, to verify the eligibility of their workforce using the Electronic Employment Verification System (EEVS, or Basic Private Pilot). Title III would also require all employers to verify that any subcontractors with whom they maintain a business relationship are themselves registered with EEVS.

The current draft of Title III contains a number of provisions that would create the potential for administrative and regulatory burdens on BSCAI members both large and small, including additional training and certification requirements, and the potential for open-ended rulemaking by the Department of Homeland Security. BSCAI's Government Affairs team is actively working with other business groups and key Senators to develop amendments to improve these aspects of the bill and ensure that any new verification requirements are fair, workable, and effective. The Government Affairs team met at length with lead staff for Senate Majority Leader Harry Reid last week to outline the concerns of BSCAI members, and the challenges that BSCAI members face in accurately verifying their workers without exposing themselves to legal liability for discrimination. We will continue these meetings, and will offer amendments to the bill when the Senate returns to debate on June 4.

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Look for further updates on key Government Affairs topics as Congress returns to work in the coming weeks.