



Is it time for Puerto Rico's minimum wage to increase?

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House Bill 2264, presented before the Puerto Rico House of Representatives on September 25, 2019, aims to increase the minimum wage for private sector employees in Puerto Rico to \$8.25 per hour. The bill also provides for a tax credit over five years.

The bill provides for the creation of an interdisciplinary committee that would issue an annual report to review the economic conditions of Puerto Rico's various industries. Such report would be submitted annually to the Legislative Assembly, which in turn will consider whether to introduce legislation to increase the minimum wage based on the committee's recommendations. The committee would be composed of professors from the University of Puerto Rico and expert economists.

Past efforts on behalf of the Puerto Rico government to increase the minimum wage have largely impacted only those employees working in the public sector or on government contracts. By way of example, in 2017 the former governor of Puerto Rico, Ricardo Roselló Nevares, signed Executive Order 2017-026 increasing the minimum wage of central government employees from \$7.25 to \$8.25 an hour. In addition, EO-2017-026 required government contractors in the construction industry to certify that their employees were being paid in compliance with the

minimum wage of \$8.25. A later increase to the minimum wage for certain government contractors came in the form of Executive Order 2018-033, which was signed by former Governor Roselló in 2018 and established a minimum wage of \$15 per hour for employees that work in construction projects paid by the government.

Currently, more than 300,000 Puerto Rico residents are paid the federal minimum wage of \$7.25 an hour, which is the equivalent of \$15,080 a year, without deductions. The bill seeks to increase the minimum wage to \$8.25 an hour, and would automatically take effect 12 months after its passage.

Although it is too soon to know if the measure will have enough legislative support, the legislature may decide to act rapidly, considering that general elections will be held in November 2020. We will continue to report on any developments.

For more information about the implications of a raise to Puerto Rico's minimum wage, please contact either of the authors.

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