

State Minimum Wage Increases Effective 2016

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State and local legislatures continue to be busy with minimum wage legislation. As in past years, employers with multi-state operations must remain abreast of these changes. Many state laws provide for annual increases based on the U.S. Consumer Price Index and inflation. Except as noted below, higher state minimum wages are effective January 1, 2016. Because hospitality and similar employers also need to be aware of changes to the permissible tip credit that affect the minimum wage they must pay to customarily tipped employees, such increases also appear below.

In addition, a number of localities around the country have increased their minimum wage rates effective January 1, 2016. A few of these localities are listed below.

Of course, these changes to minimum wage rates also affect overtime pay calculations. Finally, we also provide information relating to increases in the minimum weekly salary that must be paid to certain exempt employees to satisfy the Fair Labor Standards Act salary basis test for the exemptions.

State Minimum Wage Rate Increases

Alaska – General minimum wage increases from \$8.75 to \$9.75 an hour. (Alaska law does not allow employers to take a tip credit against minimum wage for tipped employees.) In addition, to satisfy the salary basis test for exempt status, the minimum weekly salary for bona fide executive, professional, and administrative employees will increase from \$700 to \$780 per week (i.e., two times state minimum wage for the first 40 hours of employment).

Arkansas – General minimum wage increases from \$7.50 to \$8.00 an hour. Minimum wage for tipped employees remains \$2.63.

California – General minimum wage increases from \$9.00 to \$10.00 an hour. (California law does not allow employers to take a tip credit against minimum wage for tipped employees.) In addition, to satisfy the salary basis test for exempt status, the minimum annual salary for bona fide executive, professional, and administrative employees will increase from \$37,440 to \$41,600 (i.e., two times state minimum wage for the first 40 hours of employment each week).

Colorado – General minimum wage increases from \$8.23 to \$8.31 an hour. Minimum wage for tipped employees increases from \$5.21 to \$5.29 an hour.

Connecticut – General minimum wage increases from \$9.15 to \$9.60 an hour. Minimum wage for tipped bartenders increases from \$7.46 to \$7.82 an hour and minimum wage for hotel and restaurant tipped employees other than bartenders increases from \$5.78 to \$6.07 an hour.

Hawaii – General minimum wage increases from \$7.75 to \$8.50 an hour. Adjusted minimum wage for tipped employees increases from \$7.25 to \$7.75 an hour, provided that when tips are added to the wages paid by the employer, the total amount is no less than \$15.50 per hour.

Massachusetts – General minimum wage increases from \$9.00 to \$10.00 an hour. Minimum wage for tipped employees increases from \$3.00 to \$3.35 an hour.

Michigan – General minimum wage increases from \$8.15 to \$8.50 an hour. Minimum wage for tipped employees increases from \$3.10 to \$3.23 an hour.

Nebraska – General minimum wage increases from \$8.00 to \$9.00 an hour. Minimum wage for tipped employees remains \$2.13 an hour.

New York – General minimum wage increases from \$8.75 to \$9.00 an hour, *effective December 31,*

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2015. Subject to caveats outside the hospitality industry, the minimum wage for all tipped employees will increase to \$7.50 an hour. In addition, to satisfy the salary basis test for exempt status, the minimum weekly salary for bona fide executive and administrative employees will increase from \$656.25 to \$675 per week.

Rhode Island – General minimum wage increases from \$9.00 to \$9.60 an hour. Minimum wage for tipped employees increases from \$2.89 to \$3.39 an hour.

South Dakota – General minimum wage increases from \$8.50 to \$8.55 an hour. Minimum wage for tipped employees increases from \$4.25 to \$4.28 an hour.

Vermont – General minimum wage increases from \$9.15 to \$9.60 an hour. Minimum wage for tipped employees increases from \$4.58 to \$4.80 an hour.

West Virginia – General minimum wage increases from \$8.00 to \$8.75 an hour. Minimum wage for tipped employees increases from \$2.40 to \$2.62 an hour.

Local Minimum Wage Rate Increases

Oakland, CA – General minimum wage increases from \$12.25 to \$12.55 an hour.

Portland, ME – General minimum wage increases from \$7.50 (the state minimum wage) to \$10.10 an hour.

Seattle, WA – General minimum wage increases (for large employers employing at least 501 employees) from \$11.00 to \$13.00 an hour (or \$12.50 for such employers that contribute to health benefits). For small employers (employing 500 or fewer employees) the 2016 rate is \$12.00 or \$10.50 an hour, depending on whether health benefits are provided.

Jackson Lewis attorneys are available to discuss these legislative changes and any other wage and hour issues applicable to your organization on a federal, state, or local level.



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