

# HR COMPLIANCE BULLETIN



## 2020 State Minimum Wage Rates

The current federal minimum wage rate is \$7.25 per hour. However, many states have adopted minimum wage rates higher than the federal rate. When the state rate and the federal rate are different, employers must pay their employees the higher rate. The following states have announced new minimum wage rates for 2020:

- Alaska
- Arizona
- Arkansas
- California
- Colorado
- Connecticut
- District of Columbia
- Florida
- Illinois
- Maine
- Maryland
- Massachusetts
- Michigan
- Minnesota
- Missouri
- Montana
- Nevada
- New Jersey
- New Mexico
- New York
- Ohio
- Oregon
- Rhode Island
- South Dakota
- Vermont
- Washington

## Action Steps

Affected employers should review their employees' pay rates and update their minimum wage poster notices as necessary to ensure compliance with local wage regulations.

## Highlights

- ✓ The minimum wage rate in New York depends on the employer's size, industry and geographic location.
- ✓ The minimum wage rate in California depends on the employer's size.
- ✓ Employers should review employee wage rates and required posters to ensure compliance with state laws.

## Important Dates

- ✓ **December 31, 2019:** New minimum wage rate in New York.
- ✓ **January 1, 2020:** New minimum wage rates in 18 states.
- ✓ **July 1, 2020:** New minimum wage rates in four states.
- ✓ **September 1, 2020:** New minimum wage rate in Connecticut.
- ✓ **October 1, 2020:** New minimum wage rate in Rhode Island

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## Minimum Wage Rate by State

The table below provides a high-level summary of minimum wage rates by state and important provisions that regulate how these rates apply.

State	2020 Rate	Effective	Tip Rate/Notes
Alabama	\$7.25	Already in effect	No state minimum wage rate. The federal rate applies.
Alaska	\$10.19	Jan. 1, 2020	Tips do not count toward the minimum wage.
Arizona	\$12	Jan. 1, 2020	\$3 below minimum wage rate for tipped employees.
Arkansas	\$10	Jan. 1, 2020	\$2.63 for tipped employees. The state rate applies to employers with 4 or more employees.
California	\$13/\$12	Jan. 1, 2020	The minimum wage rate depends on employer size: <ul style="list-style-type: none"> <li>• \$13 for employers with 26 or more employees</li> <li>• \$12 for employers with 25 or fewer employees</li> </ul> California does not allow employers to use a tip credit. Visit the California Department of Industrial Relations <a href="#">website</a> for state wage orders.
Colorado	\$12	Jan. 1, 2020	\$8.98 for tipped employees.
Connecticut	\$12	Sep. 1, 2020	36.8% gratuity allowance for waitpersons and 18.5% for bartenders.
Delaware	\$9.25	Already in effect	\$2.23 for tipped employees.
D.C.	\$15	July 1, 2020	\$5 for tipped employees.
Florida	\$8.56	Jan. 1, 2020	\$5.54 for tipped employees.
Georgia	\$5.15	Already in effect	The \$5.15 rate applies only to workers not covered by the FLSA.
Hawaii	\$10.10	Already in effect	\$9.35 for tipped employees.
Idaho	\$7.25	Already in effect	\$3.35 for tipped employees.
Illinois	\$9.25	Jan. 1, 2020	The state rate applies to employers with 4 or more employees. Tip credit cannot exceed 40 percent of the applicable minimum wage. <ul style="list-style-type: none"> <li>• \$5.55 for tipped employees on Jan. 1, 2020</li> <li>• \$6 for tipped employees on July 1, 2020</li> </ul>
	\$10	July 1, 2020	
Indiana	\$7.25	Already in effect	\$2.13 for tipped employees.

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State	2020 Rate	Effective	Tip Rate/Notes
Iowa	\$7.25	Already in effect	\$4.35 for tipped employees.
Kansas	\$7.25	Already in effect	\$2.13 for tipped employees.
Kentucky	\$7.25	Already in effect	\$2.13 for tipped employees.
Louisiana	\$7.25	Already in effect	No state minimum wage rate. The federal rate applies.
Maine	\$12	Jan. 1, 2020	\$6 for tipped employees.
Maryland	\$11	Jan. 1, 2020	\$3.63 for tipped employees.
Massachusetts	\$12.75	Jan. 1, 2020	\$4.95 for tipped employees.
Michigan	\$9.65	Jan. 1 2020	\$3.67 for tipped employees.
Minnesota	\$10/\$8.15	Jan. 1, 2020	No tip credit allowed. The higher rate applies to large employers (\$500,000 or more in annual gross revenue). The \$8.15 rate applies to: <ul style="list-style-type: none"> <li>• Small employers</li> <li>• Employees under 18 years of age (youth wage)</li> <li>• Employees under 20 years of age, during their first 90 days of work (training wage)</li> </ul>
Mississippi	\$7.25	Already in effect	No state minimum wage rate. The federal rate applies.
Missouri	\$9.45	Jan. 1, 2020	\$4.725 (half the current minimum rate) for tipped employees.
Montana	\$8.65/\$4	Jan. 1, 2020	No tip credit, meal credit or training wage is allowed. The lower rate applies to businesses with gross annual sales of \$110,000 or less.
Nebraska	\$9	Already in effect	\$2.13 for tipped employees.
Nevada	\$9/\$8	July 1, 2020	The \$9 rate applies to employees without health benefits. No tip credit is allowed.
New Hampshire	\$7.25	Already in effect	Tipped employees must receive 45 percent of the applicable rate.
New Jersey	\$11	Jan. 1, 2020	The state rate applies to employers with six or more employees. The following rates also apply: <ul style="list-style-type: none"> <li>• \$10.30 for agricultural and seasonal employees</li> <li>• \$3.13 for tipped employees</li> </ul>

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State	2020 Rate	Effective	Tip Rate/Notes
New Mexico	\$9	Jan. 1, 2020	\$2.35 for tipped employees.
New York	\$15 / \$13 / \$11.80 \$10 / \$8.65 / \$7.85	Dec. 31. 2019	<p>The minimum wage rate in New York varies by location and industry:</p> <ul style="list-style-type: none"> <li>• \$15 for employees in New York City</li> <li>• \$13.75 for fast food workers outside of New York City</li> <li>• \$13 for employees in Nassau, Suffolk, Westchester counties (unless they are fast food workers)</li> <li>• \$11.80 for employees <u>outside</u> of Nassau, Suffolk, Westchester counties and <u>who are not</u> fast food workers</li> </ul> <p>The minimum wage rate for tipped food service workers in New York also varies by location:</p> <ul style="list-style-type: none"> <li>• \$10 in New York City</li> <li>• \$8.65 in Long Island and Westchester</li> <li>• \$7.85 in the rest of the state</li> </ul> <p>Visit the New York Department of Labor <a href="#">website</a> for more minimum wage rate information.</p>
North Carolina	\$7.25	Already in effect	\$2.13 for tipped employees.
North Dakota	\$7.25	Already in effect	\$4.86 for tipped employees.
Ohio	\$8.70/\$7.25	Jan. 1, 2020	\$4.35 for tipped employees. The lower rate applies to employers with annual gross receipts of \$319,000 or less.
Oklahoma	\$7.25/\$2	Already in effect	The higher rate applies to employers with 10 or more full-time employees at any one location and employers with annual gross sales over \$100,000; all other employees not covered by the FLSA are subject to state minimum wage of \$2 per hour.
Oregon	\$12	July 1, 2020	<p>No tip credit allowed. The following minimum wage rates also apply:</p> <ul style="list-style-type: none"> <li>• \$13.25 for the Portland Metropolitan area</li> <li>• \$11.50 for non-urban counties</li> </ul>
Pennsylvania	\$7.25	Already in effect	\$2.83 for tipped employees.
Rhode Island	\$11.50	Oct. 1, 2020	\$3.89 for tipped employees.

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State	2020 Rate	Effective	Tip Rate/Notes
South Carolina	\$7.25	Already in effect	No state minimum wage rate. The federal rate applies.
South Dakota	\$9.30	Jan. 1, 2020	\$4.65 for tipped employees.
Tennessee	\$7.25	Already in effect	No state minimum wage rate. The federal rate applies.
Texas	\$7.25	Already in effect	\$2.13 for tipped employees.
Utah	\$7.25	Already in effect	\$2.13 for tipped employees.
Vermont	\$10.96	Jan. 1, 2020	\$5.48 for tipped employees.
Virginia	\$7.25	Already in effect	\$2.13 for tipped employees.
Washington	\$13.50	Jan. 1, 2020	No tip credit allowed.
West Virginia	\$8.75	Already in effect	The state rate applies to employers with six or more employees. Employers can take a tip credit of up to 70 percent of the state rate.
Wisconsin	\$7.25	Already in effect	\$2.33 for tipped employees.
Wyoming	\$5.15	Already in effect	\$2.13 for tipped employees. The \$7.25 federal rate applies to employers covered by the FLSA.

## More Information

Please contact Evolution of Benefits for more information on wage and hour laws.