CLIENT ALERT: Massachusetts Minimum Wage Increases to $10.00 Per Hour on January 1, 2016; Joins Fifteen Other States and the District of Columbia In Hourly Wage Increases

Effective January 1, 2016, the Massachusetts minimum wage rate increases from $9.00 to $10.00 per hour. The rate for tipped workers will rise to $3.35 per hour. The state minimum wage law applies to employees engaged in an occupation in Massachusetts. Some agricultural workers, those in professional service, employees in rehabilitation programs, and some outside sales employees are exempt from the minimum wage requirement. The federal minimum wage is $7.25 per hour; however, in cases where an employee is subject to both the state and federal minimum wage laws, the employee is entitled to the higher of the two minimum wages.

The tipped, or “service rate” is applicable to employees who receive most of their income from tips, if certain conditions are met. To qualify, employees must receive at least $20.00 per month in tips. In addition, tips received, combined with the service rate, must equal the regular applicable minimum wage, which as of January 1, 2016 is $10.00 per hour. If employees share tips with others, the pooling arrangement must comply with the provisions of the Massachusetts tip pooling law in order to qualify for the service rate. Employees must also receive notice of the provisions of the service rate rules.

These Massachusetts state minimum wage law increases were enacted in 2014 and include a scheduled increase to $11.00 per hour, beginning in 2017.

Massachusetts is not alone in increasing its hourly minimum wage paid to workers in 2016. Many other states have also implemented hourly minimum wage increases. The changes below are effective January 1, 2016, unless otherwise noted:

•Alaska: up $1.00 to $9.75

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•Arkansas: up $0.50 to $8.00

•California: up $1.00 to $10.00

•Colorado: up $0.08 to $8.31 (up $0.08 to $5.29 per hour for tipped employees)

•Connecticut: up $0.45 to $9.60

•District of Columbia: up $1.00 to $11.50 (effective July 1, 2016)

•Hawaii: up $0.75 to $8.50

•Maryland: up $0.50 to $8.75 (effective July 1, 2016)

•Michigan: up $0.35 to $8.50

•Minnesota: up $0.50 to $9.50 (Large Employers) and $7.75 (Small Employers) (effective August 1, 2016)

•Nebraska: up $1.00 to $9.00

•New York: up $0.25 to $9.00 (effective December 31, 2015)

•Rhode Island: up $0.60 to $9.60

•South Dakota: up $0.05 to $8.55

•Vermont: up $0.45 to $9.60 (up $0.22 to $4.80 per hour for tipped employees)

•West Virginia: up $0.75 to $8.75

Several municipalities have also increased minimum wage rates. Employers should contact their MBJ attorney for assistance in complying with the new laws.

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