

# FYI<sup>®</sup> In-Depth

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## State and Local Minimum Wages to Increase in 2019

As debate over raising the federal minimum wage continues, states and municipalities are hiking local wage rates. Many states and cities adjust their minimum wage rates annually, and additional increases are on the horizon for 2019. As minimum wage laws continue to change, employers need to review their pay practices to ensure compliance with the wage and hour rules that apply in each of the locations where they operate.

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### Background

The federal minimum wage was last raised in 2009, to the current \$7.25 per hour. As of January 2018, 29 states had enacted a higher wage floor than the nationwide minimum. Some states have enacted minimum rates that are more than twice the federal rate. As a result of recent wage increases, a number of municipalities, particularly in California, currently have a \$15 minimum wage in effect. In certain other localities, rates will increase each year until they reach \$15.00 per hour.

**Buck comment.** At the federal level, organized labor and other groups continue to push for a nationwide hourly minimum of \$15 and are likely to see support for an increased minimum rate from a Democrat controlled House next year.

At the state and local level, minimum wage rates may differ based on industry, region and business size. Because employers generally must pay workers the highest minimum wage prescribed by federal, state, and local law, most Americans are now covered by higher minimums set by state and local laws. However, where a state or municipality's minimum wage is lower than the federal minimum, workers must be paid the federal wage unless exempt from the federal — but not the state or local — minimum.

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## State minimum wage rates

Nearly half of the states will raise their minimum wages on January 1, 2019, as new state laws or indexed increases take effect. As shown below, 29 states and the District of Columbia will have general wage rates effective January 1 that exceed the federal minimum, and some of those have scheduled rate increases for later in 2019.

State	Statewide 2018 Minimum Wage (as of 12-31-18)	Statewide 2019 Minimum Wage (as of 1-1-19)	Other 2019 Scheduled Increases
Alaska	\$9.84	\$9.89	
Arizona	\$10.50	\$11.00	
Arkansas	\$8.50	\$9.25	
California	\$11.00 (≥26 employees) \$10.50 (≤25 employees)	\$12.00 (≥26 employees) \$11.00 (≤25 employees)	
Colorado	\$10.20	\$11.10	
Delaware	\$8.25	\$8.75	\$9.25 (10-1-19)
District of Columbia	\$13.25	\$13.25	\$14.00 (7-1-19)
Florida	\$8.25	\$8.46	
Maine	\$10.00	\$11.00	
Massachusetts	\$11.00	\$12.00	
Michigan	\$9.25	\$9.25	\$9.45 <sup>1</sup> (4-1-19)
Minnesota	\$9.65 (≥\$500K revenue) \$7.87 (<\$500K revenue)	\$9.86 (≥\$500K revenue) \$8.04 (<\$500K revenue)	
Missouri	\$7.85	\$8.60	
Montana	\$8.30	\$8.50	
Nevada	\$8.25 (no health benefits) \$7.25 (health benefits offered)	\$8.25 (no health benefits) \$7.25 (health benefits offered)	TBD (7-1-19) TBD (7-1-19)
New Jersey	\$8.60	\$8.85	

<sup>1</sup>SB 1171, signed into law as Public Act 368 of 2018 by Governor Rick Snyder on December 14, increases Michigan's hourly minimum wage to \$9.45 in 2019 rather than to \$10.00 under the previously passed citizen-initiated bill.

State	Statewide 2018 Minimum Wage (as of 12-31-18)	Statewide 2019 Minimum Wage (as of 1-1-19)	Other 2019 Scheduled Increases
New York (excluding New York City, Long Island and Westchester County)	\$11.10	\$11.10	\$11.80 (12-31-19)
Ohio	\$8.30 \$7.25 (gross sales<\$314K)	\$8.55 \$7.25 (gross sales<\$314K)	
Oregon	\$10.75 (general) \$12.00 (urban) \$10.50 (nonurban)	\$10.75 (general) \$12.00 (urban) \$10.50 (nonurban)	\$11.25 (general) \$12.50 (urban) \$11.00 (nonurban) (7-1-19)
Rhode Island	\$10.10	\$10.50	
South Dakota	\$8.85	\$9.10	
Vermont	\$10.50	\$10.78	
Washington	\$11.50	\$12.00	

## Local minimum wage rates

In addition to state minimum wage hikes, a number of major cities and counties are increasing their wage rates in 2019. As indicated below, some of those localities increase rates on January 1 while others have announced raises for later in the year.

Municipality or County (by State)	2018 Minimum Wage (as of 12-31-18)	2019 Minimum Wage (as of 1-1-19)	Scheduled 2019 Increases and Effective Dates
Arizona — Flagstaff	\$11.00	\$12.00	
California — Alameda	\$12.00 (≥26 employees) \$11.00 (≤25 employees)	\$13.50 (≥26 employees) \$13.50 (≤25 employees)	\$13.50 (≥26 employees) \$13.50 (≤25 employees) (7-1-19)
Belmont	\$12.50	\$13.50	
Berkeley	\$15.00	\$15.00	TBD (7-1-19)
Cupertino	\$13.50	\$15.00	
El Cerrito	\$13.60	\$15.00	

Municipality or County (by State)	2018 Minimum Wage (as of 12-31-18)	2019 Minimum Wage (as of 1-1-19)	Scheduled 2019 Increases and Effective Dates
Emeryville	\$15.69 (≥56 employees) \$15.00 (≤55 employees)	\$15.69 (≥56 employees) \$15.00 (≤55 employees)	TBD (7-1-19)
Los Altos	\$13.50	\$15.00	
Los Angeles	\$13.25 (≥26 employees) \$12.00 (≤25 employees)	\$13.25 (≥26 employees) \$12.00 (≤25 employees)	\$14.25 (≥26 employees) \$13.25 (≤25 employees) (7-1-19)
Los Angeles County (unincorporated)	\$13.25 (≥26 employees) \$12.00 (≤25 employees)	\$13.25 (≥26 employees) \$12.00 (≤25 employees)	\$14.25 (≥26 employees) \$13.25 (≤25 employees) (7-1-19)
Malibu	\$13.25 (≥26 employees) \$12.00 (≤25 employees)	\$13.25 (≥26 employees) \$12.00 (≤25 employees)	\$14.25 (≥26 employees) \$13.25 (≤25 employees) (7-1-19)
Milpitas	\$13.50	\$13.50	\$15.00 (7-1-19)
Mountain View	\$15.00	\$15.65	
Oakland	\$13.23	\$13.80	
Palo Alto	\$13.50	\$15.00	
Pasadena	\$13.25 (≥26 employees) \$12.00 (≤25 employees)	\$13.25 (≥26 employees) \$12.00 (≤25 employees)	TBD (7-1-19)
Redwood City	\$11.00 (≥26 employees) \$10.50 (≤25 employees)	\$13.50 (≥26 employees) \$13.50 (≤25 employees)	
Richmond	\$13.41 (no health benefits) \$11.91 (health benefits provided)	\$15.00 (no health benefits) \$13.50 (health benefits provided)	
San Diego	\$11.50	\$12.00	
San Francisco	\$15.00	\$15.00	TBD (7-1-19)
San Jose	\$13.50	\$15.00	
San Leandro	\$13.00	\$13.00	\$14.00 (7-1-19)
San Mateo	\$13.50	\$15.00	
San Mateo (nonprofit)	\$12.00	\$13.50	
Santa Clara	\$13.00	\$15.00	

Municipality or County (by State)	2018 Minimum Wage (as of 12-31-18)	2019 Minimum Wage (as of 1-1-19)	Scheduled 2019 Increases and Effective Dates
Santa Monica	\$13.25 (≥26 employees) \$12.00 (≤25 employees)	\$13.25 (≥26 employees) \$12.00 (≤25 employees)	\$14.25 (≥26 employees) \$13.25 (≤25 employees) (7-1-19)
Sunnyvale	\$15.00	\$15.65	
Illinois — Chicago	\$12.00	\$12.00	\$13.00 (7-1-19)
Cook County	\$11.00	\$11.00	\$12.00 (7-1-19)
Maine — Portland	\$10.90	\$11.00	TBD (7-1-19)
Maryland — Montgomery County	\$12.25 (≥51 employees) \$12.00 (11-50 employees) \$12.00 (≤10 employees)	\$12.25 (≥51 employees) \$12.00 (11-50 employees) \$12.00 (≤10 employees)	\$13.00 (≥51 employees) \$12.50 (11-50 employees) \$12.50 (≤10 employees) (7-1-19)
Minnesota — Minneapolis	\$11.25 (≥101 employees) \$10.25 (≤100 employees)	\$11.25 (≥101 employees) \$10.25 (≤100 employees)	\$12.25 (≥101 employees) \$11.00 (≤100 employees) (7-1-19)
New Mexico — Albuquerque	\$8.95 (no health benefits) \$7.95 (health benefits provided)	\$9.20 (no health benefits) \$8.20 (health benefits provided)	
Bernalillo County (unincorporated)	\$8.85 (no health benefits) \$7.85 (health benefits provided)	\$9.05 (no health benefits) \$8.05 (health benefits provided)	
Las Cruces	\$9.20	\$10.10	
Santa Fe	\$11.40	\$11.40	TBD (3-1-19)
New York — New York City	\$15.00 (≥11 employees) \$13.50 (≤10 employees)	\$15.00 (≥11 employees) \$13.50 (≤10 employees)	\$15.00 (≥11 employees) \$15.00 (≤10 employees) (12-31-19)
New York City (fast food worker)	\$15.00	\$15.00	
Nassau, Suffolk & Westchester Counties	\$12.00	\$12.00	\$13.00 (12-31-19)
Remainder of New York State	\$11.10	\$11.10	\$11.80 (12-31-19)
Remainder of New York State (fast food worker)	\$12.75	\$12.75	\$13.75 (12-31-19)

Municipality or County (by State)	2018 Minimum Wage (as of 12-31-18)	2019 Minimum Wage (as of 1-1-19)	Scheduled 2019 Increases and Effective Dates
Washington — Sea Tac (hospitality and transportation)	\$15.64	\$16.09	
Seattle (Schedule 1)	\$15.45	\$16.00	
Seattle (Schedule 1 with benefits)	\$15.00	\$16.00	
Seattle (Schedule 2 Hourly Minimum Wage)	\$11.50	\$12.00	
Seattle (Schedule 2 Hourly Minimum Compensation)	\$14.00	\$15.00	
Tacoma	\$12.00	\$12.35	

While minimum wage changes generally affect nonexempt employees, in some cases they may affect overtime-exempt employees as well. Under the federal Fair Labor Standards Act (FLSA), an individual may qualify for one of the so-called “white-collar” exemptions (i.e., executive, administrative or professional exemption) from federal minimum wage and overtime requirements if he or she is paid a salary of at least \$455 per week and satisfies certain other requirements. (See our [April 3, 2014 FYI In-Depth](#).)

While most states have overtime exemptions that are similar to the federal exemptions, some state laws — unlike the FLSA — set minimum salary requirements for exemptions based on the state minimum wage. Employers that operate in those jurisdictions must ensure that changes in 2019 state pay requirements do not impact the exempt/nonexempt classifications of their employees.

## In closing

Employers should review and, as needed, adjust their pay practices in each of the locations where they operate to ensure compliance. Further, employers should confirm that changes in state or local minimum wage rates will not affect employee exemptions from minimum wage and overtime requirements.

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