Published on The National Law Review https://natlawreview.com

Minimum Wage Increases (and Other Changes) Are Coming on July 1, 2024

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With an anticipated increase in workers no longer subject to exemption from overtime pay under a new <u>U.S. Department of Labor rule</u> that is scheduled to take effect on July 1, 2024 (learn more <u>here</u>), employers will need to sharpen their pencils and make adjustments.

What's more, on that date, many states and localities will see a hike in minimum wage requirements.

Most of these jurisdictions will have straightforward rate adjustments, with a uniform increase across all industries. However, a somewhat more complicated and significant development comes out of California, which has raised minimum wage mandates for just one sector.

California's Special Treatment for Health Care Workers

On October 13, 2023, Governor Gavin Newsom signed <u>SB 525</u> into law, creating a scheme that raises the minimum wage for California's health care workers. The law originally was set to go into effect on June 1st, but on May 31st Governor Newsom signed a <u>bill</u> delaying the implementation of the health care worker minimum wage law by a month. However, a <u>budget agreement</u> between the Governor and the legislature, announced on June 22nd, stalls the plan even further.

Now, instead of seeing pay hikes on July 1, the soonest that California health care workers may be entitled to an increased minimum wage is October 1, and then, only if the state's revenue is three percent higher than currently projected. If not, the minimum wage changes for the health care sector won't take place until January 1, 2025. You can find a comprehensive overview of California's new minimum wage law here.

Local California Minimum Wage Rate Hikes

Several localities in California will increase the general minimum wage beginning July 1st. It is important for employers to keep in mind that California's new statewide minimum wage law for health care workers preempts any local wage ordinances that apply to health care workers.

- Los Angeles
 - \$17.28 per hour.

- \$20.32 per hour (City of Los Angeles hotels with 60 or more guest rooms)
- \$17.27 per hour (unincorporated Los Angeles County).
- San Francisco
 - \$18.67 per hour.
 - \$16.51 per hour (Government Supported Employees).
- Alameda
 - \$17.00 per hour.
- Berkeley
 - \$18.67 per hour.
- Emeryville
 - \$19.36 per hour.
- Fremont
 - \$17.30 per hour.
- Malibu
 - \$17.27 per hour.
- Milpitas
 - \$17.70 per hour.
- Pasadena
 - \$17.50 per hour.
- Santa Monica
 - \$17.27 per hour.
 - \$20.32 per hour (hotels and business that operate within hotel property).

Rate Hikes Coast to Coast

Across the country, several other states and localities will see notable changes to their minimum wage on July 1st as well:

- District of Columbia
 - \$17.50 per hour.
 - \$10 per hour (tipped workers).
 - If a tipped workers' hourly tip earnings (averaged weekly) added to their base wage does not equal the \$17.50 per hour minimum wage, employers must compensate the employee for the difference.
- Chicago
 - \$16.20 per hour (employers of four or more workers).
 - \$11.02 per hour (tipped workers).
 - If this wage added to tips does not equal the \$16.20 per hour minimum wage, the employer must compensate the worker for the difference.
 - \$15.00 per hour (those in Subsidized Temporary Youth Employment Programs, Subsidized Transitional Employment Programs, or Covered Employees who are under 18 years of age).
 - \$10.20 per hour (tipped workers in Subsidized Temporary Youth Employment Programs, Subsidized Transitional Employment Programs, or Covered Employees who are under 18 years of age).
 - If this wage added to tips does not equal the \$15.00 per hour minimum wage, the employer must compensate the worker for the difference.
- Cook County, Illinois
 - \$14.05 per hour (non-tipped workers).
- Montgomery County, Maryland

- \$15.00 per hour (employers of 10 or fewer workers).
- \$15.50 per hour (employers of between 11 and 50 workers).
- \$17.15 per hour (employers of more than 50 workers).
- \$4.00 per hour (tipped workers).
 - This rate in addition to the worker's tips must equal the minimum wage rate per hour.
- Minneapolis, Minnesota
 - \$15.57 per hour (employers with 100 or fewer employees).
- St. Paul, Minnesota
 - \$12.25 per hour (employers that employ five or fewer employees).
 - \$14.00 per hour (employers that employ between six and 100 employees).
 - \$15.57 per hour (employers that employ 101 or more employees).
 - \$11.90 per hour (qualifying youth employees between 14 and 17 years of age).
- Nevada
 - \$12.00 per hour.
 - Nevada voters eliminated a two-tier minimum wage system that established a varying minimum wage depending on whether an employer offered its employees qualified health benefits.

This minimum wage applies equally to both tipped and non-tipped workers.

- Oregon
 - \$14.70 per hour (employers not located within the <u>Portland metropolitan urban growth</u> <u>boundary</u> and not classified as a nonurban county).
 - \$15.95 per hour (employers within the Portland metropolitan urban growth boundary).
 - \$13.70 per hour (employers located within a nonurban county).

This minimum wage applies to both tipped and non-tipped workers equally.

- Puerto Rico
 - \$10.50 per hour.
- Renton, Washington
 - \$18.29 per hour (employers who employ between 15 and 500 employees worldwide or gross over \$2 million in revenue annually in Renton).
 - \$20.29 per hour (employers who employ over 500 employees worldwide).
- Tukwila, Washington
 - \$19.29 per hour (employers who employ between 15 and 500 employees worldwide or gross over \$2 million in revenue annually).

Looking ahead, employers in Florida should be aware of the <u>minimum wage increase</u> taking effect statewide on September 30, 2024. On that date, Florida workers will be entitled to a \$13.00 per hour minimum wage, and tipped workers will be entitled to a \$9.98 minimum wage.

Employers and payroll processors should be aware of these changes and prepare for the minimum wage adjustments taking place on July 1st.

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National Law Review, Volume XIV, Number 173

Source URL: https://natlawreview.coming-july-1-2024	v.com/article/minimum-wage-increases-and-o	other-changes-are-