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JULY 2009

LABOR & EMPLOYMENT DEPARTMENT

ALERT

FEDERAL MINIMUM WAGE INCREASE NOW IN EFFECT

Effective **Friday, July 24, 2009**, the federal minimum wage has increased to **\$7.25/hour**.

However, many states have minimum wage rates that exceed the federal minimum wage rate. These states include: California, Colorado, Connecticut, Illinois, Massachusetts, Michigan, Nevada (when the employer does not provide any health insurance benefits to employees), New Mexico, Ohio, Oregon, Rhode Island, Vermont and Washington state, as well as the District of Columbia.

In those states where the minimum wage is higher than the federal requirement, the state minimum wage rate prevails. Additionally, employers should note that where applicable, federal law permits employers to take a "tip credit" for employees who receive tips and can pay those employees a "tipped minimum wage," which is lower than the regular minimum wage rate. Many states also permit employers to take a "tip credit." However, seven states--Alaska, California, Minnesota, Montana, Nevada, Oregon and Washington state--plus Guam do not provide for any form of a tip credit.

If you have questions or concerns about the effect of the new minimum wage rate on your business or need assistance in preparing for these changes, please contact Labor and Employment Department co-chair, James A. Matthews at 215.299.2762 or jmatthews@foxrothschild.com or Stanley L. Goodman at 973.994.7520 or sgoodman@foxrothschild.com.



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