

2017 New Year's Resolution: Comply with the New Minimum Wage

As we wind down the boisterous holiday season of festive parties, baked goods, and visiting relatives, we begin to set our resolutions for the new year. For many Massachusetts businesses, that will involve ensuring compliance with the changing minimum wage. In Massachusetts, the final tier of the bill signed by former Governor Deval Patrick will take effect on January 1, 2017, raising the minimum wage to \$11.00 per hour for non-tipped employees and to \$3.75 per hour for tipped employees. The change in minimum wage raises overtime pay (of time and a half) for non-exempt employees to \$16.50 per hour.

Companies with employees in Massachusetts must raise wages for any employee or intern making less than \$11.00/hour by January 1st. Failure to pay Massachusetts employees the new minimum wage could have serious consequences, since a failure to do so will result in a violation of the Massachusetts Wage Act.

Violations to the Wage Act can expose your company and officers to mandatory triple damages and attorney's fees, and there are potentially criminal penalties as well. Raising wages for existing minimum wage employees is a New Year's resolution not to ignore.

While the Federal minimum wage remains at \$7.25 per hour, there is a clear trend among the states to significantly raise wages. Twenty-one states will raise their minimum wage in 2017. As of January 1, 2017, Massachusetts and Washington will have the highest state-based minimum wage, at \$11.00 per hour. Local governments can also set their own minimum wage for employees. In California, for example, the minimum wage differs among cities. To start 2017 off on the right foot, it is essential to review state and local laws concerning the minimum wage of your non-exempt employees.

This advisory is for information purposes only, and does not constitute legal advice. Gesmer Updegrove has a team of attorneys who are prepared to help you address wage issues such as these. Feel free to contact Joe Laferrera (joe.laferrera@gesmer.com), Christine Lee (christine.lee@gesmer.com) or anyone from our employment team at (617) 350-6800 with any questions or concerns you may have.

