

2017 Minimum Wage Rules for Employers in California

As a result of new legislation (SB 3) passed in 2016, California's minimum wage will start increasing each year until by January 1st of 2022, the minimum wage in the State will be \$15.00 per hour. This will change not only the minimum amount affected employers must pay employees, but also which employees will be considered "exempt" from overtime pay requirements.

Public employers will be less impacted by these changes than private sector employers will be because so many are covered by labor contracts that take precedence over the new regulation. But as described below, there will be an effect on the public sector as well.

Currently, California's minimum wage is \$10.50/hour. **The new law will increase this amount as follows for employers who employ 26 or more employees:**

1. On January 1, 2017, the minimum wage will increase to \$10.50 per hour.
2. On January 1, 2018, the minimum wage will increase to \$11 per hour.
3. On January 1, 2019, the minimum wage will increase to \$12 per hour.
4. On January 1, 2020, the minimum wage will increase to \$13 per hour.
5. On January 1, 2021, the minimum wage will increase to \$14 per hour.
6. On January 1, 2022, the minimum wage will increase to \$15 per hour.

There is a delay in implementations for small businesses. Specifically, the above schedule is delayed at each step by one year for employers with 25 or fewer employees. Commentators have observed that under the schedule set by SB 3, California will soon have the highest minimum wage in the country.

	Date	26 or more Employees	Less than 26 Employees
1	January 1, 2017	\$10.50	\$10.00
2	January 1, 2018	\$11.00	\$10.50
3	January 1, 2019	\$12.00	\$11.00
4	January 1, 2020	\$13.00	\$12.00
5	January 1, 2021	\$14.00	\$13.00
6	January 1, 2022	\$15.00	\$14.00
7	January 1, 2023		\$15.00

LOCAL MINIMUM WAGE

In recent years many cities and municipalities in California have established their own minimum wage rates. Here is a list of the current rates along with future increases:

- Berkeley: \$12.53
- Emeryville: \$12.25, increasing to \$13.00 (7-1-16), \$14.00 (7-1-17), \$15.00 (7-1-18), and \$16.00 (7-1-19)
- Los Angeles (city and county): businesses with 26 or more employees will be \$10.50 on July 1, 2016, with increases to \$12.00 (7-1-17), \$13.25 (7-1-18), \$14.25 (7-1-19) and \$15.00 (on 7-1-20). Businesses with 25 or fewer employees will be \$10.50 on July 1, 2017, with increases to \$12.00 (7-1-18), \$13.25 (7-1-19), \$14.25 (7-1-20) and \$15.00 (7-1-21).
- Mountain View: currently \$11.00 to increase to \$13.00 (1-1-17) and \$15.00 (1-1-18).
- Oakland: currently \$12.55 to be adjusted annually for inflation.
- Palo Alto: currently \$11.00 to be adjusted annually for inflation.
- Richmond: currently \$11.52 increasing to \$12.30 (1-1-17) and \$13.00 (1-1-18). Small business exemptions are available.
- Sacramento: will increase the minimum wage for businesses with 40 or more employees on January 1 2017 to \$10.50, with further increases in January 2018 (\$11.00), January 2019 (\$11.75) and January 2020 (\$12.50). Businesses with 39 or fewer employees will increase the minimum wage on January 1 2017 to \$10.50, with further increases in July 2018 (\$11.00), July 2019 (\$11.75) and July 2020 (\$12.50).

Remember misclassifying employees as exempt to avoid the new wage rates can result in substantial legal liability for an employer, which is why keeping a close eye on the changes created by the minimum wage increases is important.

If you have any questions please feel free to contact our offices for assistance.

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