

**RECENT DEVELOPMENT**

New York Minimum Wage Will Increase Annually Starting December 31, 2013

JUNE 3, 2013

On March 29, 2013, New York Governor Andrew Cuomo signed legislation that will raise the minimum hourly wage in New York in three increments, commencing on December 31, 2013. The legislation, which is codified at New York Labor Law section 652, schedules increases in the New York State minimum wage as follows:

- December 31, 2013: Increase to \$8.00 per hour from \$7.25 per hour.
- December 31, 2014: Increase to \$8.75 per hour from \$8.00 per hour.
- December 31, 2015: Increase to \$9.00 per hour from \$8.75 per hour.

Increase in Minimum Wage for Tipped Employees

The legislation will also increase the minimum hourly wage for service employees and food service workers who routinely receive tips. The New York State Commissioner of Labor has been tasked with issuing a new wage order that will govern food service workers and service employee. This new wage order must address the minimum hourly cash wage for tipped employees, as well as allowances for meals and lodging.

If the Commissioner fails to issue the New Wage Order before the first increase takes effect on December 31, 2013, the minimum hourly wage paid to food service workers and service employees, as well as the maximum tip credit, will both increase proportionally with the minimum wage increases. Service employees currently must be paid a minimum hourly wage of \$5.65 per hour, with a tip credit of up to \$1.60 per hour. Food service workers must be paid a minimum hourly wage of \$5.00 per hour with a tip credit of up to \$2.25 per hour. If the Wage Order governing these industries is not reissued before December 31, 2013, the minimum hourly wage will increase to \$6.25 per hour and the tip credit would increase to \$1.75 per hour for service employees. The minimum hourly wage for food service workers would increase to \$5.50 per hour and the maximum tip credit would increase to \$2.50 per hour.

Employers with employees earning less than \$8.00 per hour and employers in the hospitality and service industries who take allowances for tips, lodging and meals from employee wages should begin planning compliance with the new minimum wage rates well before the effective date of December 31, 2013.

Littler will provide an update when the Commissioner issues the required wage order.

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