

One Minute Memo[®]



Minimum Wage To Increase For MA Hourly and Tipped Workers

By Richard Alfred, Barry Miller, and Kelsey Montgomery

Starting January 1, 2016, the minimum wage in Massachusetts will be \$10.00 per hour. Before Governor Deval Patrick left office, he signed into law an increase in the state minimum wage in three successive annual increments through January 1, 2017. In January 2015, the state's minimum wage jumped from \$8.00 per hour to \$9.00 per hour. At the start of 2016, it will increase an additional dollar. Looking forward to 2017, the rate will increase again, to \$11.00 per hour.

Tipped employees also get a raise on January 1, 2016. The law increased the hourly sub-minimum wage for tipped employees in three successive annual increments as well. Employers are entitled to pay tipped employees the sub-minimum wage and take a "tip credit" for the difference between that hourly rate and the statutory minimum wage, provided that the tipped employee earns enough tips per week to make up the difference between his or her hourly wage and the actual minimum wage. On New Year's day this year, the tipped rate will increase from \$3.00 per hour to \$3.35 per hour, and in 2017, that rate will go up again, to \$3.75 per hour.

The federal minimum wage is currently \$7.25 per hour, with a tipped rate of \$2.13. These rates set a floor; states may legislate higher minimum wage rates, which Massachusetts has done. Assuming no increase at the federal level, this will result in a Massachusetts minimum wage 25% higher than the federal minimum by the beginning of 2016.

Employers with employees working below the new \$10.00 minimum hourly wage (or, for tipped employees, \$3.35 per hour) should start planning to revise their pay rates effective on the first of the year.

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Seyfarth Shaw LLP One Minute Memo[®] | December 14, 2015

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