

Retail Detail



Minimum Wage Compliance: Now More Complicated For National Retailers

By Robert S. Whitman and Nadia S. Bandukda

Retailers take note: Four states will have a higher minimum wages after the recent mid-term elections. Alaska, Arkansas, Nebraska, and South Dakota are the latest states to join 13 others that enacted higher minimum wages earlier this year. In Arkansas, the minimum hourly wage will increase from \$6.25 to \$8.50 by 2017. In Nebraska, it will rise from \$7.25 to \$9 by 2016. In Alaska, voters increased the minimum wage to \$9.75 by 2016, and in South Dakota, voters approved an increase from \$7.25 to \$8.50 by 2015.

Illinois also held an advisory vote on this issue. Although voters expressed approval for an increased minimum wage, from \$8.25 to \$10, the vote is a non-binding opinion poll and does not require any action by the state legislature or Governor.

The 13 other states which have increased their minimum wage this year are Connecticut, California, Delaware, Hawaii, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New York, Rhode Island, Vermont, and West Virginia.

Making this even more complicated for national Retailers, some major U.S. cities have also announced plans to increase their minimum wages but each of them have different implementation dates. For example, San Francisco is set to raise its minimum wage to \$15 by 2018. Similarly, Seattle approved an increase to \$15 earlier this year. Oakland announced plans to raise its minimum wage from \$9 to \$12.25 in March 2015, and Los Angeles Mayor Eric Garcetti is supporting an increase to \$13.25 by 2017.

Yet another complicating factor for Retailers trying to roll out consistent policies is that some of these new minimum wage laws are linked to inflation rates while others are not. For example, earlier this year, Maryland passed a law to raise the minimum wage, but excluded any language indexing the minimum wage rate to actual inflation. In contrast, after Tuesday's votes, 15 other states, plus the District of Columbia, will either immediately, or in the near future, link their minimum wages to a price index or cost of living formula.

In summary, a total of 23 states, and the District of Columbia, have a minimum wage above the current federal rate which is \$7.25. Further complicating this issue is that some pundits expect the President and Congress to compromise on a pending bill increasing the minimum wage from \$7.25 to \$10.10 on a graduated basis over three years. According to an analysis by the Economic Policy Institute (a labor-backed research group that supports raising the minimum wage), about 21 million U.S. workers would be directly affected by such an increase.

These impending minimum wage increases, all in different amounts, and at different times, make compliance unwieldy for large national retailers, and have a significant effect on labor costs.

Seyfarth is keeping track of these laws for our national Retail clients and we have compiled them all, along with the minimum wage rates and the implementation dates in a useful survey. [Robert S. Whitman](#) is a partner in Seyfarth's New York office and [Nadia S. Bandukda](#) is an associate in the firm's New York office. If you would like further information, please contact your Seyfarth Shaw LLP attorney, Robert S. Whitman at rwhitman@seyfarth.com or Nadia S. Bandukda at nbandukda@seyfarth.com.

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