

Management Alert



New York Minimum Wage and Exempt Status Salaries Set to Increase Again, But Wage Deduction Rules May Expire

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Seyfarth Synopsis: As they have each year since 2016, the minimum wage and exempt salary threshold will increase for New York employers effective December 31, 2018, with large employers in New York City being the first to hit the \$15 per hour threshold. At the same time, rules that expanded employers' ability to make deductions from employees' wages may have lapsed.

Minimum Wage (2019)

In keeping with the gradual increase in the State's minimum wage levels up to \$15 per hour, the new tiered salary thresholds, effective December 31, 2018, are listed below. The increases depend on employer size and location. Large employers in New York City are the first to reach \$15 per hour, with small employers in New York City joining them next year. The new minimum wage rates are as follows:

Size/Location of Employer	Minimum Wage as of December 31, 2018
New York City, 11 or more employees	\$15.00
New York City, 10 or fewer employees	\$13.50
Long Island and Westchester, regardless of size of employer	\$12.00
Remainder of State, regardless of size of employer	\$11.10

Along with the increase to the minimum wage, the amounts employers can deduct from employees' wages for items such as tip credits, uniform allowances and meals is also set to change on December 31. The Department of Labor has summarized the revisions applicable to [hospitality employers](#), employers in "[miscellaneous industries](#)," and employers in the "[building service industry](#)." Employers should consult these summaries to determine how much they can deduct for a uniform allowance and claim for meal, lodging and tip credits.

Salary Threshold for Exempt Employees (2019)

The tiered salary thresholds for exempt status are rising across the State along with the minimum wage. The new thresholds will be effective December 31, 2018 and depend on employer size and location. They are as follows:

Size/Location of Employer	Salary Threshold as of December 31, 2018
New York City, 11 or more employees	\$1,125.00 per week (\$58,500.00 per year)
New York City, 10 or fewer employees	\$1,012.50 per week (\$52,650.00 per year)
Nassau, Suffolk, and Westchester, regardless of size of employer	\$900.00 per week (\$46,800.00 per year)
Remainder of State, regardless of size of employer	\$832.00 per week (\$43,264.00 per year)

Permissible Wage Deductions

In 2012, Labor Law § 193 was amended to expand the circumstances where employers could make deductions from employee wages. The expanded grounds for permitted deductions included deductions for gym membership dues, discounted parking or mass transit passes, cafeteria and vending machine purchases at an employer's place of business, tuition fees for pre-school through post-secondary school, and daycare, before-school and after-school care expenses, among other deduction categories. Of particular interest to many employers were new provisions allowing wage deductions for recovery of overpayments of wages and repayment of advances.

The amendment was set to expire in 2015 until Governor Cuomo signed into law a bill extending the expiration date to November 6, 2018. Although that date has passed without further legislative or regulatory action, meaning that the broader rules have technically expired, we expect them to be renewed. If not, employers will need to revert to the narrower pre-2012 wage deduction practices.

Conclusion

Employers in New York should be sure to be on top of these upcoming changes to the minimum wage, permissible wage deductions/credits, salary thresholds for exempt employees as 2019 will be here before you know it!

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Seyfarth Shaw LLP Management Alert | November 13, 2018

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