

New Jersey Lawmakers Reach Deal to Increase State Minimum Wage to \$15/Hour by 2024

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On January 17, 2019, New Jersey Governor Phil Murphy and legislative leaders announced an agreement to raise New Jersey's minimum wage to \$15 an hour by 2024. Under the agreement, and presuming enactment, effective July 1, 2019, the state's minimum wage for most workers will increase from \$8.85 to \$10 an hour; thereafter, it will increase \$1 an hour every January 1 until reaching \$15 on January 1, 2024.

For seasonal workers and employees of small businesses (i.e., five or fewer workers), the ramp-up to \$15 an hour would extend to 2026. For farmworkers, the base minimum wage would increase incrementally to \$12.50 by January 1, 2024. Then, a special committee would review to determine whether to raise the farmworkers' minimum wage to \$15 an hour.

The legislation would also grant tax credits to employers that hire employees with disabilities.

Upon enactment of the legislation, New Jersey will join New York, California, and Massachusetts, as well as several municipalities across the country, in having laws that incrementally increase the minimum wage to \$15.

On a related note, on January 15, 2019, Democrats introduced federal legislation in the House of Representatives and Senate to raise the federal minimum wage from the current \$7.25 to \$15 an hour—again, incrementally over years. Passage, however, is doubtful.

What New Jersey Employers Should Do Now

- Review wage rates for nonexempt employees (both non-union and unionized) to identify any workers whose wages would need to increase to meet the new minimum wage.

- Consider conducting a comprehensive wage review to determine whether other wage rate adjustments will be needed to account for wage “compression.” For example, will the wages of employees who already earn over \$10 an hour need to be increased?
- Consider whether the minimum wage increase will result in increased labor costs requiring reductions in staffing or in employees’ scheduled hours; ensure that the implementation of any such actions is done in a nondiscriminatory way.
- Make sure that your payroll personnel or payroll service provider takes the appropriate actions to effectuate the minimum wage increase when the legislation becomes effective.

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