

Increased Minnesota Minimum Wage Goes Into Effect

On August 1, 2014, the Minnesota minimum wage increased. The amount of this increase is dependent upon whether the employer is a large or small employer.

In the case of a large employer, with annual gross volume of sales made or business done of not less than \$625,000, employees must now be paid a minimum of \$8.00 per hour. This rate will increase with each subsequent year, rising to \$9.00 in 2015 and \$9.50 in 2016. For small employers, employees must now be paid a minimum of \$6.50 per hour, with an increase to \$7.25 in 2015, and \$7.75 in 2016.

In addition, a “youth minimum wage” now requires those persons under the age of 18 to be paid \$6.50 per hour. In addition, a training wage of \$6.50 may now be paid to new employees under 20 during the first 90 days of consecutive employment. Like the minimum wage figures for small employers, these figures will increase to \$7.25 in 2015 and \$7.75 in 2016.

Following those increases, in 2018, the required minimum wage figures will be indexed to inflation.

It should be remembered that, due to the existence of both a state and federal minimum wage, all employees are entitled to the higher of the two minimum wages, so long as that employee is covered by both the state and federal minimum wage laws. The current federal minimum wage is \$7.25 per hour. In addition, minimum wage rates apply to all hours worked. The minimum wage requirements apply to all employees, even those that earn tips. Employers may not take a tip credit against minimum wages and employees must be paid at least the minimum wage per hour plus any tips the employee might earn.