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— Employment Law Client Alert —

JANUARY 2007

NEW YEAR BRINGS NEW MASSACHUSETTS WAGE HIKE

Effective January 1, 2007, the Massachusetts minimum wage increased from \$6.75 per hour to \$7.50 per hour. Pursuant to "An Act Increasing the Minimum Wage," which was passed by the Massachusetts Legislature after a Governor Romney veto in July 2006, a two step increase to the minimum wage is scheduled. In addition to the raise that went into effect in January 2007, a second raise is scheduled for January 1, 2008, when the minimum wage will be increased to \$8.00 per hour. Consistent with this change, the Attorney General's Office has issued a revised Massachusetts Wage & Hour Laws Poster, which contains the revised minimum wage rate. Because Massachusetts law requires that employers post the Wage & Hour Laws Poster in a conspicuous place, employers should obtain a revised Poster from the Attorney General's Office. The Poster can be obtained by contacting the Massachusetts Attorney General's Office, Fair Labor and Business Practices Division at (617) 727-3465 or the Attorney General's website at www.ago.state.ma.us.

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Please note that this change also affects tipped employees. Employers can continue to pay tipped employees a minimum cash wage of \$2.63 per hour, if the tips received by the tipped employee total at least \$4.87 per hour. In general, the \$2.63 per hour cash wage, plus the tips received, must equal at least the minimum wage (\$7.50 per hour) for each hour the employee works. With regard to overtime pay, the minimum overtime rate payable to a tipped employee for each hour worked in excess of forty hours will now be \$6.38 per hour. This amount equals the minimum cash wage (\$2.63 per hour) plus the overtime premium rate of one half the minimum wage (\$3.75). The minimum overtime rate is exclusive of tips and must be paid directly by the employer.

If you have any questions about this alert or any other employment issue, please contact Gary Feldman at (617) 589-3874 or gfeldman@davismalm.com. ♦

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