

## Minimum Wage and Salary Threshold Increases Now in Effect for New York Employers, 1-3-2024

As we start 2024, all New York State employers should be cognizant that minimum wage rates have now increased statewide, effective January 1, 2024. In connection with New York State's budget legislation, Governor Kathy Hochul signed into law minimum wage increases that will continue through January 1, 2026. On January 1, 2027, and on an annual basis thereafter, any increase to the minimum wage rate will depend on the Northeast region measure of consumer price index for urban wage earners and clerical workers ("CPI"). Moreover, the new law also increases the minimum salary threshold for an employee to qualify as exempt under the New York Labor Law's executive or administrative exemption. The charts below summarize the future increases to minimum wage and the minimum salary thresholds for certain exempt employees.

### Minimum Wage Increase

Effective Date	NYC, Long Island and Westchester	Remainder of New York State
January 1, 2024	\$16.00 per hour	\$14.20 per hour
January 1, 2025	\$16.50 per hour	\$15.00 per hour
January 1, 2026	\$17.00 per hour	\$16.00 per hour

### Minimum Wage Increase for Tipped Food Service Employees

Employers may take a "tip credit" for those employees who fall within the definition of "food service employees." A "food service employee" is defined as any employee who is primarily engaged in the servicing of food or beverages to guests, patrons, or customers and regularly receives tips. The minimum wage and tip credit for "food service employees" is set to increase as follows:

Effective Date	NYC, Long Island, and Westchester	Remainder of New York State
January 1, 2024	\$10.65 per hour + \$5.35 tip credit (\$16 per hour)	\$10.00 per hour + \$5.00 tip credit (\$15 per hour)
January 1, 2025	\$11.00 per hour + \$5.50 tip credit (\$16.50 per hour)	\$10.35 per hour + \$5.15 tip credit (\$15.50 per hour)
January 1, 2026	\$11.35 per hour + \$5.65 tip credit (\$17 per hour)	\$10.70 per hour + \$5.30 tip credit (\$16 per hour)

### Minimum Wage Increase for Service Employees

Employers may also take a "tip credit" for "service employees," who are not primarily engaged in servicing of food or beverage and regularly receive tips (i.e. coat check, valet). To take a "tip credit" for a defined "service employee," the employee must: (a) receive a wage of at least the minimum hourly cash wage rate; (b) the "tip credit" shall not exceed the hourly credit rate; (c) the weekly average

of tips is at least the hourly tip threshold rate; and (d) the total of tips received plus wages equals or exceeds the basic minimum hourly rate. These rates are set to increase as follows:

Effective Date	NYC, Long Island, and Westchester	Remainder of New York State
January 1, 2024	<div>\$13.35 per hour + \$2.65 tip credit (\$16 per hour).</div> <div>Tip threshold - \$3.45 per hour.</div>	<div>\$12.50 per hour + \$2.50 tip credit (\$15 per hour).</div> <div>Tip threshold - \$3.20 per hour.</div>
January 1, 2025	<div>\$13.75 per hour + \$2.75 tip credit (\$16.50 per hour).</div> <div>Tip threshold - \$3.55 per hour.</div>	<div>\$12.90 per hour + \$2.60 tip credit (\$15.50 per hour).</div> <div>Tip threshold - \$3.30 per hour.</div>
January 1, 2026	<div>\$14.15 per hour + \$2.85 tip credit (\$17 per hour).</div> <div>Tip threshold - \$3.65 per hour.</div>	<div>\$13.30 per hour + \$2.70 tip credit (\$16 per hour).</div> <div>Tip threshold - \$3.40 per hour.</div>

Increases to Salary Thresholds for Exempt Employees

To be considered exempt from New York State overtime requirements, an employee must satisfy a recognized exemption as defined by the New York Labor Law. To satisfy the executive or administrative exemption, the employee must be paid on a salary basis that must meet or exceed a certain threshold per week. These salary thresholds are set to increase as follows:

Effective Date	NYC, Long Island, and Westchester	Remainder of New York State
January 1, 2024	\$1,200 per week	\$1,124.20 per week
January 1, 2025	\$1,237.50 per week	\$1,161.65 per week
January 1, 2026	\$1,275 per week	\$1,999.10 per week

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New York employers should take immediate steps to ensure compliance with the changes to the New York Labor Law. The experienced Labor and Employment attorneys at Kaufman Dolowich LLP are available to assist with any questions you may have regarding these upcoming increases to the minimum wage rates and salary thresholds for exempt employees. Should you have any questions or need any assistance, please contact Keith Gutstein (KGutstein@kaufmandolowich.com) or Edward Grimm (EGrimm@kaufmandolowich.com) by email.