

NYC Council Proposes Phased \$30 Per Hour Minimum Wage and Tipped Worker Changes, 4-23-26

The New York City Council has introduced legislation that, if enacted, would significantly increase labor costs for employers across the five boroughs. The proposal would establish a local minimum wage schedule reaching \$30 per hour by 2030 for large employers, with a slightly extended timeline for smaller employers, along with new compliance obligations and changes to the treatment of tipped workers. The current minimum wage rate in NYC is \$17.00 per hour as of January 1, 2026.

Because the measure remains under consideration, employers should begin evaluating potential impacts while monitoring developments as the proposal moves through the legislative process. If enacted, the law would take effect 180 days after becoming law.

What the proposal would do

Under the current bill:

New citywide minimum wage tiers

For employers with more than 500 employees nationwide, the minimum wage would increase as follows:

- 2027: \$20.00 per hour (effective January 1, 2027)
- 2028: \$23.00 per hour (effective January 1, 2028)
- 2029: \$26.00 per hour (effective January 1, 2029)
- 2030: \$30.00 per hour (effective January 1, 2030)

For employers with 500 or fewer employees nationwide, the schedule would be:

- 2027: \$19.00 per hour
- 2028: \$21.50 per hour
- 2029: \$24.00 per hour
- 2030: \$27.00 per hour
- 2031: \$29.00 per hour

While these rates are specified in the current bill, they may be revised as the legislative process continues.

Changes to the tip credit for food-service workers

The proposal also would significantly impact food-service workers. Specifically, the proposal would gradually reduce reliance on the tip credit rather than eliminate it immediately.

Through December 1, 2031, employers may continue to utilize a gratuity allowance, provided that:

- The base wage is at least two-thirds of the applicable New York City minimum wage, or the applicable New York State minimum for tipped food service workers (if higher); and

- The employee's combined base wage and tips meet or exceed the full applicable minimum wage; and
- The employer complies with applicable notice requirements and ensures employees retain all tips, except as part of a valid tip pool.

Beginning January 1, 2032, the allowable tipped worker base wage would increase by \$1.50 per year until it matches the full New York City minimum wage, at which point the tip credit would be eliminated and tipped workers would be paid the full minimum wage directly.

This phased approach would require employers to plan for a transition to higher direct wage obligations over time.

New notice, posting, and recordkeeping requirements

The proposal would expand existing wage compliance obligations by:

- Requiring employers to provide and post written notices regarding the minimum wage schedule, employee rights, and anti-retaliation protections, including information on how to file a complaint.
- Mandating that employers maintain wage and hour records, including tip-related data and payroll documentation, for six years.

Employers would be required to post the notice annually in English, Spanish, and certain other languages where required by the bill, and to provide it to employees annually and at the commencement of employment in English and the employee's primary language where the New York City Department of Consumer and Worker Protection (DCWP) has issued a translation.

Enhanced enforcement and anti-retaliation protections

The bill would expand enforcement mechanisms by:

- Creating a private right of action for employees, allowing recovery of unpaid wages, liquidated damages equal to twice the amount of any underpayment, injunctive and declaratory relief, attorney's fees, and costs
- Imposing civil penalties for violations of wage, notice, and recordkeeping requirements, including enhanced penalties for willful violations and patterns or practices of noncompliance
- Expanding anti-retaliation protections, including a rebuttable presumption of retaliation where adverse action is taken within 90 days of an employee asserting rights or raising wage-related concerns

These provisions would increase both potential financial exposure and compliance obligations for employers.

Next steps for covered employers

Even though the proposal is not yet law, employers may consider:

- Auditing current wage practices, particularly for roles that rely on the tip credit, to assess the impact of the two-thirds base wage threshold and the subsequent phase-up
- Incorporating projected wage increases into long-term budgeting and forecasting, including the incremental increases to the tipped worker base wage
- Coordinating with counsel to prepare compliant policies, notices, training materials, and recordkeeping systems aligned with the proposed requirements

Bottom line

While still under consideration, the proposal signals a clear policy direction: New York City is moving toward a substantially higher minimum wage and a structured, multi-year phase-out of the tip credit. Employers that begin planning now will be better positioned to manage compliance obligations and mitigate operational disruption if the measure is enacted.

Authors: Woodbury Associate Noorali Soomro and Keith J. Gutstein, Chair of the Labor & Employment Law Practice Group and Co-Managing Partner of KD's Woodbury, NY Office