



SEATTLE'S NEW MINIMUM WAGE ORDINANCE

(SMC 14.19) Effective date: April 1, 2015

INFORMATION FOR SMALL EMPLOYERS

(500 or fewer employees - also known as Schedule 2 Employers)

For Small Employers, the City of Seattle's **\$15.00/hour** wage will be phased in over the next 5-7 years. The Office of Labor Standards will implement the new ordinance, including outreach and enforcement.

MINIMUM COMPENSATION

All small employers are required to pay minimum compensation. Small employers can meet this requirement in two ways:

- (1) pay a flat, hourly minimum compensation rate, or
- (2) pay a reduced hourly minimum wage and make up the balance with employee tips reported to the IRS and/or payments toward an employee's medical benefits plan.

FLAT RATE

Small employers pay a flat, hourly minimum compensation rate.

	Minimum Wage
2015 (April 1 st)	\$11.00/hour
2016 (January 1 st)	\$12.00/hour
2017 (January 1 st)	\$13.00/hour
2018 (January 1 st)	\$14.00/hour
2019 (January 1 st)	\$15.00/hour

TIPS AND/OR MEDICAL BENEFITS

Small employers pay a reduced, hourly minimum wage and reach the minimum compensation rate through employee tips reported to the IRS and/or payments toward an employee's medical benefits plan. If the tips and/or payments toward medical benefits do not add-up to the minimum compensation rate, the small employer makes up the difference.

	Minimum Compensation	Minimum Wage
2015 (April 1 st)	\$11.00/hour	\$10.00/hour
2016 (January 1 st)	\$12.00/hour	\$10.50/hour
2017 (January 1 st)	\$13.00/hour	\$11.00/hour
2018 (January 1 st)	\$14.00/hour	\$11.50/hour
2019 (January 1 st)	\$15.00/hour	\$12.00/hour
2020 (January 1 st)	\$15.75/hour	\$13.50/hour
2021 (January 1 st)	\$16.49/hour	\$15.00/hour

KEY TERMS

EMPLOYEES

Seattle's Minimum Wage Ordinance applies to employees working in Seattle, regardless of the employee's immigration status.

EMPLOYER SIZE

To calculate employer size, count the employer's total number of employees within the United States, regardless of where those employees work. Employers do not need to count employees who work outside the U.S.

WAGE

A wage includes salary, hourly pay, commissions, piece-rate, and non-discretionary bonuses. Wages **do not** include tips or payments towards medical benefits, though payment toward medical benefits may impact minimum wage requirements.

MEDICAL BENEFITS

For medical benefits to qualify toward the minimum wage, the plan must be the equivalent of a "silver" level or higher as defined in the federal Affordable Care Act.

SMALL EMPLOYERS (500 OR FEWER EMPLOYEES)

EXAMPLE

Café 123 is a restaurant with 25 employees and does not pay toward employee medical benefits. Servers earn tips; kitchen employees do not earn tips.

As a small employer, Café 123 will pay a minimum compensation of **\$11.00/hour** starting April 1, 2015. To meet this requirement, Café 123 will pay kitchen employees **\$11.00/hour**. They can pay servers **\$10.00/hour** as long as the servers report at least **\$1.00/hour** tips to the IRS. On a slow night, if a server only earns and reports **\$.75/hour** in tips, Café 123 would have to pay the remaining difference of **\$.25/hour (\$10.25/hour)**.

In 2025, minimum compensation requirements will expire. Small employers will pay the same minimum wage rate as large employers and will no longer count employee tips and/or payments toward an employee's medical benefit plan toward minimum wage requirements. The City of Seattle will calculate percentage changes to the minimum wage based on the Consumer Price Index (CPI). The current estimate is 2.4% annually.

REQUIREMENTS

NOTICE TO EMPLOYEES

Employers must provide employees with notice of their rights under the Ordinance. The notice must be in English, Spanish, and any other language that is commonly spoken by employees in the workplace. The Office of Labor Standards will make notices available in different languages before April 1, 2015.

RECORD KEEPING

Employers must keep payroll records for three years.

RETALIATION PROHIBITED

An employer cannot retaliate against an employee for:

- Requesting to be paid minimum wage.
- Filing a complaint with SOCR concerning a potential minimum wage violation.
- Telling a person about a potential minimum wage violation or telling a person about their rights.

TOOLS AND RESOURCES

Contact the Office of Labor Standards (OLS) for answers to your questions about the ordinance. OLS is preparing tools to help you understand the ordinance including, a multi-lingual web site, mobile app wage calculator, slideshows, rules and a revised frequently asked questions.

On April 1, 2015, OLS will begin enforcing the ordinance. During the first year, enforcement will center obtaining full remedies for workers (i.e. reimbursement of lost wages plus interest), helping business comply with ordinance requirements, and withholding penalties unless there are repeated or egregious violations.

Please check back with www.seattle.gov/civilrights as we prepare for April 1, 2015.

QUESTIONS?

Email: ocr_minwagequestions@seattle.gov

Call: (206) 684-4500

THE OFFICE OF LABOR STANDARDS

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