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Minnesota Minimum Wage Changes Effective August 1, 2014

Minnesota's minimum wage has been changed effective August 1, 2014. The changes affect both the minimum wage levels for different categories of workers and the employer revenue levels that determine which minimum wage will apply.

For the purposes of the Minnesota minimum wage, beginning August 1, 2014, a "small employer" is any enterprise with less than \$500,000 in annual gross revenue. A "large employer" is any enterprise with \$500,000 or more in annual gross revenue. Previously, the revenue cut-off between small and large employers had been \$625,000.

For small employers, the Minnesota minimum wage changes from \$5.25 per hour to \$6.50 per hour. And beginning August 1, 2014, all of a small employer's workers must be paid this wage from the time of hiring. There is no longer a lower training wage for small employers.

For large employers, the basic Minnesota minimum wage changes from \$6.15 per hour to \$8.00 per hour. The large employer training wage – first 90 days of employment for workers under 20 years of age – changes from \$4.90 per hour to \$6.50 per hour. And a new minimum youth wage of \$6.50 per hour has been created for large employers for workers under 18 years of age.

The statute making these changes also set out scheduled increases for each of these wage levels to take effect in 2015 and 2016, with adjustments for inflation then being adopted each year beginning January 1, 2018. The small employer minimum wage, and the large employer training and youth minimum wages, are set to increase to \$7.25 per hour on August 1, 2015, and \$7.75 per hour on August 1, 2016. The large employer basic minimum wage is set to increase to \$9.00 per hour on August 1, 2015, and \$9.50 per hour on August 1, 2016.

Farmers should note that the minimum wage increases also affect the amount that agricultural employees must be paid to be exempt from the Minnesota overtime pay requirements. Beginning August 1, 2014, small employers must pay agricultural workers at least \$477.75 per week (up from \$385.88 per week) and large employers must pay agricultural workers at least \$588.00 per week (up from \$452.03 per week) to maintain the state overtime exemption.

For up-to-date information about Minnesota minimum wage requirements, check with the Minnesota Department of Labor & Industry at 1-800-342-5354 or online at <http://www.dli.mn.gov/LaborLaw.asp>.