

Governor Murphy Signs New Jersey's \$15 Minimum Wage Increase Into Law

Although the Law has a Sweeping Effect on Wages for Many Employees, There are Notable Exceptions

February 7, 2019

On Monday, February 4, 2019, Governor Murphy signed into law a bill that increases the minimum wage in New Jersey from the current \$8.85 an hour to \$15 an hour by 2024. For many workers, they can expect to see wages increase according to the following schedule:

- \$10 an hour starting July 1, 2019
- \$11 an hour starting January 1, 2020, and a \$1 an hour increase every year on January 1 until reaching \$15 in 2024
- Starting on January 1, 2025, wage increases would then be tied to the consumer price index for all urban wage earners and clerical workers ("CPI-W")

The Exceptions

Notably, the law contains some exceptions for certain employees. Employees in "training," employees working for a "small" employer, "seasonal" workers, agricultural workers, and tipped workers will see their wages increase under different schedules.

Employees in Training

Starting on January 1, 2020, the law allows employers to pay a "training wage," which is equal to at least 90% of the minimum wage, for the first 120 hours of work by employees enrolled in a "training program."

Seasonal Workers and Small Employers

Under the law, a "**seasonal employer**" is an employer where, during the previous calendar year, "not less than two thirds of the employer's gross receipts were received in a continuous period of not more than sixteen weeks." To qualify as "seasonal employment," an individual working for a seasonal employer must have been employed only from May 1 to September 30 of that calendar year. A "**small employer**" is defined as any business that employed fewer than six employees.

Under the law, the wage increase schedule for both of these groups is more gradual:

- \$10.30 an hour starting January 1, 2020
- \$11.10 an hour starting January 1, 2021, and an \$0.80 an hour increase every year on January 1 until reaching \$14.30 in 2025
- \$15 an hour starting January 1, 2026

- Starting on January 1, 2027, wage increases would then be tied to the CPI-W plus an added parity increase so that the minimum wage is the same as employees in the first group by 2028

Agricultural Workers

The law does not specifically provide for a \$15 minimum wage for agricultural workers. Instead, the wage increase schedule is as follows:

- \$10.30 an hour starting January 1, 2020
- \$10.90 an hour starting January 1, 2022
- \$11.70 an hour starting January 1, 2023
- \$12.50 an hour starting January 1, 2024
- Starting on January 1, 2025, the Department of Agriculture and the Department of Labor and Workforce Development would have to then determine whether to raise wages further subject to Legislative approval

Tipped Workers

For tipped workers, employers may still take advantage of “tip credits,” which enables them to pay such workers a “base wage” lower than minimum wage so long as the remainder of the minimum wage is satisfied through tips. For such tipped workers, the law provides the following wage increase schedule:

- \$2.63 an hour starting July 1, 2019 (base wage), with the remainder of the \$10 minimum wage to be satisfied through tips (\$7.37 tip credit)
- \$3.13 an hour starting January 1, 2020 (base wage), with the remainder of the \$11 minimum wage to be satisfied through tips (\$7.87 tip credit)
- \$4.13 an hour starting January 1, 2021 (base wage), with the remainder of the \$12 minimum wage to be satisfied through tips (\$7.87 tip credit)
- \$5.13 an hour starting January 1, 2022 (base wage), with the remainder of the \$13 minimum wage to be satisfied through tips (\$7.87 tip credit)
- \$5.13 an hour starting January 1, 2023 (base wage), with the remainder of the \$14 minimum wage to be satisfied through tips (\$8.87 tip credit)
- \$5.13 an hour starting January 1, 2024 (base wage), with the remainder of the \$15 minimum wage to be satisfied through tips (\$9.87 tip credit)
- Starting on January 1, 2025, wage increases would then be tied to the CPI-W

Tax Credits

In addition to increasing the minimum wage, the law also includes a provision for business tax credits to encourage employers to retain employees with disabilities on the payroll. Under the proposed tax credit, if an employer is required to pay an employee with disabilities more in the current year than in a previous year due to the wage increases, the difference in pay can be used as a tax credit.



If you have any questions concerning New Jersey's \$15 minimum wage law or any other federal or state employment laws, please feel free to contact [Jennine DiSomma](#) or [Vincent C. Cirilli](#) of Saiber LLC's Employment and Labor Law practice.