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Anne M. Radolinski

Ashley R. Thronson

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Minneapolis Passes \$15 an Hour Minimum Wage Ordinance

Legal Update

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By Anne M. Radolinski & Ashley R. Thronson

On June 30, 2017, the Minneapolis City Council passed an ordinance raising minimum wage rates in Minneapolis over a seven-year period, ultimately to a minimum wage rate of \$15 an hour by July 2024 for all covered employers. The first minimum wage increases go into effect for large employers on January 1, 2018, and for small employers on July 1, 2018.

What Wage is Required?

The ordinance provides for annual lock-step rate increases until the \$15 minimum wage rate is achieved for large businesses effective July 1, 2022, and for small businesses effective July 1, 2024. The base wage rates depend upon whether the employer is a large or small business. In addition, effective July 1, 2023, for large businesses, and effective July 1, 2024, for small businesses, the minimum wage rate will be adjusted for inflation according to a formula specified in the ordinance, borrowing from state law.

Date**Large Business (more than 100 employees)*****Small Business (100 or fewer employees)**

January 1, 2018

\$10.00 an hour

No required increase

July 1, 2018

\$11.25 an hour

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\$10.25 an hour

July 1, 2019

\$12.25 an hour

\$11.00 an hour

July 1, 2020

\$13.25 an hour

\$11.75 an hour

July 1, 2021

\$14.25 an hour

\$12.50 an hour

July 1, 2022

\$15.00 an hour

\$13.50 an hour

July 1, 2023

\$15.00 an hour plus
adjustment for inflation

\$14.50 an hour

July 1, 2024 forward

\$15.00 an hour plus
adjustment for inflation

\$15.00 an hour plus
adjustment for inflation

As under Minnesota state law, employers may not offset gratuities their employees receive against the hourly minimum wage requirement.

For purposes of determining large or small business status, all employees are counted, whether working in the city or not. The business size is determined based on the average number of employees who worked for the employer during the previous calendar year. For new businesses, the business size is determined based upon the average number of employees during the first 90 days after the first

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employee begins work.

*Franchisee employers that are part of a franchise with more than 10 locations nationwide are considered large businesses.

Which Employers are Covered?

The ordinance applies to any employer with one or more employees. The applicable minimum wage rates and effective dates, depending on the size of the employer, are set forth in the chart above.

Employers who have subminimum wage certificates for workers with disabilities are exempt as to those workers.

For public employers, the city of Minneapolis is covered, but the U.S. government, state of Minnesota and county and other local governments are not.

Which Employees are Covered?

Employees are entitled to the minimum wage rates under the ordinance for all time worked within the geographic boundaries of Minneapolis. An employee who is typically based outside of the city and who performs work in the city on an occasional basis is covered by the ordinance if the employee in a particular week works at least 2 hours in the city.

Time spent traveling through the city, with no employment-related or commercial stops (except to refuel, do personal errands or to have a personal meal), does not count as time worked within the city.

Special rates apply to youths in city-approved training programs for their first 90 days of employment and for employees with disabilities covered by subminimum wage certificates.

Independent contractors are not covered.

Are There Additional Requirements and Protections?

The ordinance has a number of additional requirements and protections, including posting and record-retention requirements.

Additionally, the ordinance contains broad protections against retaliation and provides a process for enforcement of rights and the assessment of damages and penalties in the event of a violation. Employees are also entitled to bring a private cause of action directly in district court to recover back wages, liquidated damages, attorney fees and other appropriate relief.

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If you have any questions regarding the new ordinance and how it may apply to your business, please contact a member of our Employment & Labor Group.