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## CLIENT ALERT

### NEW JERSEY MINIMUM WAGE INCREASES TO \$15.00

Under a new law, signed by Governor Murphy on February 4, 2019, the minimum wage for most workers, including part-time employees, will increase to \$10 an hour on July 1, 2019. It will rise again to \$11 on January 1, 2020, to \$12 on January 1, 2021, to \$13 on January 1, 2022, to \$14 on January 1, 2023 and to \$15 on January 1, 2024.

Once it reaches \$15 an hour, the minimum wage will increase annually to reflect changes in the consumer price index.

There are several exceptions to the above general rule.

Employees at seasonal businesses will reach \$15 an hour in 2026. Their pay will rise from \$8.85 to \$10.30 on January 1, 2020, to \$11.10 in 2021, \$11.90 in 2022, \$12.70 in 2023, \$13.50 in 2024, \$14.30 in 2025, and \$15 in 2026. After 2026, the minimum wage will rise in accordance with changes in the consumer price index. They'll get additional bumps to help catch them up to the standard minimum wage by 2028.

The law defines seasonal workers as anyone whose employment doesn't fall outside of May 1 to September 30. This does not include farm workers.

Seasonal employers generally are those whose operations are limited to June, July, August and September, take in most of their income, or pays most of their wages during just a few months of the year.

Small business employees are on the same track to \$15 an hour as seasonal workers. A small business is defined in the law as those employing five or fewer people.

Farm workers are the only workers who aren't guaranteed to hit \$15 an hour under this new law. Their minimum wage will rise to \$12.50 by 2024. It starts with an increase to \$10.30 on January 1, 2020, \$10.90 on January 1, 2022, \$11.70 on January 1, 2023 and \$12.50 on January 1, 2024.

In 2024, the state labor commissioner and secretary of agricultural will decide, based on the impact of the wage hikes and wages in other states, whether or not to keep going to \$15. If they disagree, a third person nominated by the governor and approved by the Senate will break the tie. If they decide against raising the minimum wage beyond \$12.50, the Legislature has to sign off.

The tipped minimum wage is \$2.13 an hour and it will rise to \$5.13. If that hourly wage and tips do not meet the minimum wage, the employer is supposed to make up the difference.

The new law also creates a training wage which would allow employers to pay new employees a sub-minimum wage – but no less than 90 percent of the minimum wage – for their first 120 hours of work. The employee has to have no experience in the occupation in order to qualify, and the employer has to make a “good faith effort” to employ that person after the training period. Employers also should not hire workers at the training wage unless they expect to keep them on at least at the regular minimum wage.

The bill also allows up to \$10 million in tax credits annually for businesses that hire workers with disabilities.

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**Disclaimer:** *This e-mail represents a general overview of tax developments and should not be relied upon without an independent, professional analysis of how any of these provisions may apply to a specific situation.*

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